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**The Adoption and Institutionalization of an
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A Policy Analysis**

Ria Adoracion Apostol Lambino

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Executive Summary

The interconnectedness of the global society means that innovative environmental policy ideas cross national boundaries. In a number of cases, these ideas from abroad are brokered and facilitated by external institutions to developing countries that are attracted by the availability of possible solutions to their domestic problems as well as by the accompanying financial and technical resources. This research aims to understand why despite the best of intentions, some good ideas do not work when transplanted in another context.

This study focuses on the specific case of the environmental performance ratings and disclosure program, Ecowatch, which initially showed promise of curbing industrial pollution in the Philippines but did not seem to function as intended. An evaluation of the program's performance revealed that outcomes were limited and its operation was flawed. Furthermore, it continues to be maintained despite the lack of clear signs of success. The research posits that the dysfunction can be traced all the way to the design and adoption of the policy as well as to the fit and coherence of policy design with the context. Ecowatch was considered as an outcome of policy transfer, so it is in this manner that the policy transfer process was revisited and the history of the program adoption and its consequent institutionalization scrutinized in greater detail.

Some of the key findings for the case study are as follows: 1) Meaningful institutionalization was hindered by an incoherence of the design and strategy of Ecowatch with some aspects of the Philippine context; 2) The small reform space brought about by the lack of widespread bureaucratic and political acceptance, and limited ability undermining the legal authority for Ecowatch led to its dysfunctional and sub optimal operationalization; 3) The opportunistic and supply-driven policy transfer was characterized by a focus on a one best template solution and individual champions instead of distributed agents which restricted adaptation and contextualization 4) Not only did the opportunistic transfer process lead to a one-time dysfunction, but it set the program up for a persistent dysfunction through isomorphic mimicry and legitimization.

These findings provide alternative ways of explaining and analyzing effectiveness of transferred policies in general. It confirms the common notion of the importance of adaptation and translation processes and offers the unexplored explanations of the factors that hinder such processes. Furthermore, the lessons from the case study led to a formulation of a preliminary conceptual framework for analyzing negotiated policy transfers using the policy

cycle stages heuristic. The framework focuses on indicators that may lead to enhancement of policy implementation and outcomes: focus on the problem rather than the solution, attention to the reform space, the salience of ongoing translation and contextualization processes, and check for policy relevance. This is hoped to contribute to the ongoing practice of policy transplantation.

The dissertation unfolds as follows:

Chapter 1 provides an overview about the research and presents the research questions and hypotheses. An overall analytical framework is presented which provides analytic points for the study. The case study methodology is defined and sources of data as well as manner of acquiring them are specified. Chapter 2 reviews what is known in the literature pertaining aspects of implementation, policy transfer and information-based regulation relevant to the study. An overview of information disclosure policies as applied to environmental management is presented. The gaps in the various research fields that the research hopes to address are also identified. The Philippine context is presented in Chapter 3 in order to provide a background for the setting of the case study. This includes the institutional set-up, legal and regulatory framework for the environment and social contexts in which environmental management is enacted. Chapter 4 describes the Ecowatch program and the outcomes of the pilot phase during the period 1997-1998. It ends with an overview of the timeline of the institutional history of Ecowatch as a prelude to the main analysis in the succeeding chapters.

Chapter 5 establishes and provides evidence for the dysfunctional operation of the program. The outcomes of the program covering changes in compliance, environmental performance and information flows were investigated. The analysis showed limited outcomes as well as dysfunctional operation. Explanations for the dysfunction of Ecowatch pertaining to policy content, reform space and policy transfer characteristics are put forth as laid out in Chapters 6, 7 and 8 respectively. Chapter 6 looks into the policy content and analyzes its fit and coherence with the institutional context in the Philippines. A comparative analysis with Indonesia indicates that some contextual factors that made the strategy successful in Indonesia such as information infrastructure, capacity and credibility with information-based strategies, were missing in the Philippines. The incoherence of the design and strategy of Ecowatch indicated that significant adaptation and translation processes were needed which hindered its meaningful institutionalization in the Philippine context. The discussion in Chapter 7 emphasized the importance of looking into the institutional and organizational logics as the reform space needed when a transferred policy is adopted. Specifically, the factors of acceptance, authority and ability were presented as important in ensuring that the

policy is meaningfully adopted and sustained. This particular analysis served to explain why the success demonstrated in the pilot program was not sustained. In Chapter 8, the study determined that the transfer process was opportunistic and supply-driven. The transfer process was also characterized as externally driven, solution-centered and focused on only one (best) model or template. These hindered adaptation and contextualization processes that led to the dysfunction of the program. The other pitfall was that this led to a persistent dysfunction. Chapter 9 explores the reasons why the program is being maintained and how the dysfunction is perpetuated. Policy inertia, isomorphic mimicry and organizational legitimacy, which are actually legacies of the policy transfer processes, are presented as reasons for the continuation of the program. An analysis of the various assessments undertaken for Ecowatch reveals that policy and program amendments focused on technical solutions although the issues identified needed institutional adaptation. Some normative propositions are shared in this chapter.

Chapter 10 synthesizes the lessons from the case study and introduces a preliminary conceptual framework for analyzing negotiated policy transfers using the policy stages heuristic. Finally, Chapter 11 wraps up the analysis and summarizes the main findings and contributions of the dissertation.

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List of Abbreviations and Acronyms

AECEN	Asian Environmental Compliance and Enforcement Network
ADIPURA	Environmentally Sustainable Cities program in Indonesia
AO	Administrative Order
AUSAID	Australian Agency for International Development
BAPEDAL	Indonesia's National Pollution Control Agency
BOD	Biological Oxygen Demand
CAR	Cordillera Administrative Region
CBD	Convention on Biological Diversity
CIDA	Canadian International Development Agency
COD	Chemical Oxygen Demand
DAO	Departmental Administrative Order
DENR	Department of Environment and Natural Resources
EIA	Environmental Impact Assessment
EMB	Environmental Management Bureau
EMPAS	Environmental Management and Protected Areas Sector
EO	Executive Order
EPRD	Environmental Performance Ratings and Disclosure
EUFS	Environmental User Fee System
IPRA	Indigenous Peoples Republic Act
LLDA	Laguna Lake Development Authority
MEA	Multilateral Environmental Agreements
MEIP	Metropolitan Environment Improvement Project
MOA	Memorandum of Agreement
NCR	National Capital Region
NGO	Non governmental Organization
OECD	Organisation for Economic Cooperation and Development
PAB	Pollution Adjudication Board
PCCI	Philippine Chamber of Commerce and Industry
PCSD	Philippine Council for Sustainable Development
PDIA	Problem-driven Iterative Adaptation Process
PEPP	Philippine Environment Partnership Program
PROKASIH	Clean River Program in Indonesia
PROPER	Program for Pollution Control, Evaluation and Rating in Indonesia

PRTR	Pollutant Release and Transfer Register
RA	Republic Act
REECS	Resources, Environment and Economics Center for Studies
SEECCTA	Strengthening Environmental Enforcement Compliance Capacity Technical Assistance
SMR	Self- Monitoring Reports
SPM	Sagip Pasig Movement
TEC	Technical Evaluation Committee
TRI	Toxics Release Inventory
TSS	Total Suspended Solids
UNEP	United Nations Environment Programme
UP	University of the Philippines
UPERDFI	University of the Philippines Engineering and Research Development Foundation Incorporated
WB	World Bank
WQM	Water Quality Management
WQD	Water Quality Division

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Chapter 1. Introduction

1.1 Rationale

The global environmental regime calls for concerted efforts to address environmental issues faced by an increasingly multiple-connected world. The role of developing countries in these efforts to address global environmental issues cannot be downplayed and their engagement in generating solutions to the world's environmental crisis has never been more crucial. Especially that in these countries can be found biodiversity's richest in the world's poorest. The world's fastest growing populations are also rapidly growing and thus generating increasing environmental pollution.

Governments and environmental institutions in developing countries have lapped up ideas and strategies shared and popularized within the international sphere, and institutionalized them as policies or programs in their respective localities, often with the assistance of foreign aid or funding. Given the diversity of local governance structures and capacity, challenges in embedding the externally crafted ideas into the local context and sustaining their implementation abound, and in many cases, policy outcomes remain imaginary. In trying to generate solutions to global and local environmental concerns, policies in developing countries need to be better formulated and implemented. This research is motivated by the desire to understand the dynamics and processes of environmental policy change in developing countries as well as to determine what (or who) shapes them and how effective they are in addressing the global concerns. More often than not, policies in developing countries are emulations of approaches that may be found elsewhere in the globe.

This dissertation looks into the diffusion of innovative environmental strategies and ideas into the context of developing countries and analyzes the structures and agents responsible for their subsequent adoption and institutionalization.

Another point of interest is how policies are implemented— there is often a huge gap in the way policies are formulated and theorized and the way they are being practiced, and some, which are not “implementable” (it is not always easy to claim whether a policy worked or failed). A discourse on environmental policies by understanding the ground realities or by the context in which these policy situations arise and identifying the factors that make them work or not work is deemed essential.

Given the limited technological and financial capabilities in developing countries as well as the wealth of policy ideas available in the international sphere, it is not surprising that developing countries' governmental agencies would be influenced exogenously, through vertical and horizontal forces. International institutions such as environmental regimes and conventions affect domestic policy vertically while cross-national and transnational sharing through direct contact with other countries occur through horizontal forces (Biermann & Dingwerth, 2004). An observable trend is the harmonization and convergence of environmental policies—similar patterns (and design) of institutions, policies, instruments and environmental programs may be observed all over the world. Globalization structures, internationalization of environmental discourses and increased communication among nations are theorized to explain this spread and diffusion of environmental policies (Busch & Jörgens, 2005; Tews, 2005).

1.2 Background of the case study

Innovations in environmental policy have cropped up to provide solutions to the world's increasingly urgent environmental issues and have spread all over the world through various mechanisms. Policy convergence and diffusion processes brought about by globalization and deliberate policy transfers are said to influence this spread (Tews, 2005).

Disclosure strategies applied to curbing pollution have received some amount of attention in literature. Environmental programs such as Toxics Release Inventory, Pollutant Release and Transfer Registries (PRTRs) and environmental performance ratings and disclosures in developing countries have led to some formulations that information is the third wave of environmental regulation (Tietenberg, 1998) with command and control strategies considered as the first wave and market-based regulation as the second wave. When the Indonesian environmental agency, BAPEDAL developed an innovative program called PROPER based on the concepts of information disclosure to address pollution caused by industries, the international community was quick to laud their efforts and scrutinize the program and its success. It was quickly determined that the strategy was not only effective in improving environmental performance but that the cost of running the program was low— good news for cash-strapped regulatory agencies especially in developing countries (Dasgupta, Wheeler, & Wang, 2007).

A small bunch of literature and case studies have sprouted heralding the success of this innovative strategy. These literatures would invariably make reference to an environmental performance rating and disclosure program (EPRD) in the Philippines called Industrial

Ecowatch¹ (see for instance World Bank, 2000; Wheeler, 1997; Kathuria, 2006) highlighting the improvement in environmental compliance to water pollution standards by Philippine companies when their performance were rated and disclosed as part of a pilot program during the period 1996 to 1998. Previous research (R. A. Lambino, 2011; Mori, 2010) revealed that though this program had been institutionalized as a national administrative policy in 1998, the success of Ecowatch was short-lived. Further investigation revealed though that the program continues to be operational up to this time of writing albeit in an erratic manner and one that does not live up to its promise of an alternative means of regulation—ratings are routinely undertaken but public disclosures via media have not been undertaken by the agency. As such, outcomes are deemed imaginary and the program's effects are muted if not disappointing.

The pilot program for Ecowatch was able to demonstrate that the program worked and generated outcomes. A question then arises, “Why is the full-fledged program not functioning as intended?” This question, which has not been explored by observers or practitioners is what this study addresses in this research.

At first blink, it seemed a question of a lack of resources and capacities –the usual suspects for implementation failures. What is vexing is that this program is in theory operational—regional agencies continue to routinely conduct ratings and the program is being reported but disclosure which was the main tenet by which the program was conceptualized seems to be consciously not undertaken. Problems regarding acceptability and capacity for full disclosure—the main mechanism supposedly utilized by the program to work—clearly indicate that there were issues in the formulation and adoption of the policy in the first place. If implementors have difficulty with the disclosure concept, why was a program fundamentally hinged on disclosure adopted in the first place? Is it possible that the implementation divergence (or dysfunction) observed currently, is linked to some issues during program development? The pilot was able to demonstrate that the program worked, so why was it not sustained?

This study argues that the dysfunction can be traced all the way to the design and adoption of the policy. This supposition is supported by authors like Winter (1986) who articulate that many implementation impediments can be found in the initial stages of policy formulation and Sugiyama (2011) who stress the need to extricate implications of policy decision making with its long-term effectiveness. Ecowatch was considered as an outcome of policy transfer,

¹ The program is officially called Industrial Ecowatch in the Philippines. For brevity purposes, in this research henceforth it is simply referred to as Ecowatch.

so it is in this manner that the policy transfer process is revisited and the history of the program adoption and its consequent institutionalization is scrutinized in greater detail.

1.3 Objectives of the research

This research sets out to look into the processes of environmental information disclosure policy adoption and its institutionalization in the Philippines. An evaluation of the programmatic success or failure will be undertaken to determine the outcomes of the program and to provide evidence (or counter-evidence) for the dysfunctionality that had been observed. Various stages in the policy cycle of Ecowatch will then be scrutinized in order to explain the outcomes observed.

The study furthermore aims to identify the mechanisms and pathways of the transfer and adoption of policy innovations such as disclosure strategies. The motivations and drivers for the policy for the adoption will be investigated as well as characteristics and features of the transfer process. This study will furthermore look into the implementation issues and challenges of transplanted policies as well as the structures of the institutions and capacities of implementors for sustained action.

1.4 Research Questions

This study seeks to answer the general question, “Why do some good ideas not work when transplanted in another context?”

The following specific research questions are put forth for the case study:

Research Question 1: Is the Ecowatch policy successful in attaining its objectives?

Research Question 2. How and why were Environmental Performance Ratings and Disclosure programs adopted in the Philippines?

Research Question 3. What were the challenges in institutionalization and operationalization of the program?

Research Question 4. How did the transfer process affect the program’s outcomes?

The policy transfer lens is primarily utilized in explaining the dysfunctional implementation of Ecowatch. However, institutional change, organizational theory and implementation theory are also used. It is posited that the characteristic of the transfer process as well as the manner in which the policy was adopted and institutionalized affected the successful

embeddedness of the program into the local context and affected its long-term viability. Furthermore, another hypothesis pertains to the fit and coherence of the disclosure strategy with the Philippine context.

1.5 Research Approach/Methodology

This study is an explanatory research. Qualitative research is employed making use of thick description of transfer and adoption processes at the macro- and micro-level. While this research maintains a single case study, comparative analysis with the Indonesian PROPER program is undertaken at some points of the analysis to provide a clearer understanding of the contextual considerations that made such disclosure strategies work.

This research utilizes data from the extant literature for the outcomes of the pilot program in 1998 and generates new data for the period after 1998 up to the present.

The sources of evidence include previously collected primary data from ratings and disclosure databases, archival information, program documentation, and evaluation reports. Semi-structured interviews and process observations provide in-depth data about the processes and the underlying mechanisms involved as well as serve to validate inferences while a comprehensive review of the literature provides the theoretical background necessary for formulation of analytical frameworks and in substantiating the analysis. The various methods serve to validate and complement the data gathered.

Fieldwork activities in the Philippines were undertaken for these purposes during the periods June 2012, January 2013 and July 2013.

Conduct of Interviews

The institutional history and the main bulk of the data for the analysis came from semi-structured interviews. In order to trace the institutional history of the program, project personnel mentioned in the literature and documentation of the development and formulation phase of Ecowatch were tracked down and contacted, initially through email correspondence and then subsequent interviews were undertaken. The initial contacts were asked to refer other possible respondents and a list was generated. A Skype conference call was granted by a US-based consultant in February 2012, and an email correspondence was undertaken with a former high-ranking official of the Department of Environment and Natural Resources (DENR) in November 2012. Face-to-face interviews were conducted during fieldwork in the Philippines in July 2012 and January 2013 with a technical expert from the academe, a former Ecowatch champion and DENR staff members involved in the pilot phase implementation.

For the institutionalization and current status of the program, the Ecowatch program Secretariat head and relevant staff as well as four members of the Technical Evaluation Committee were interviewed. A list of focal persons in the regional offices was accessed and responses from the regional coordinators of the DENR Environmental Management Bureau (EMB) were generated from four face-to-face interviews, nine phone interviews and one email correspondence. Two of the regional coordinators failed to generate responses despite various follow up phone calls and fax/email correspondence. Table 1 lists the key informants interviewed for the research. A detailed list of names, designation and dates of interview may be found in Appendix 1 of this dissertation.

Table 1. List of Key Informations interviewed for the Case Study

Category	Number of interviewees and profile
Industrial Ecowatch Institutional History/ Pilot Program implementation	1 World Bank Consultant 1 Pilot program coordinator 1 DENR Under Secretary (1997) 1 local technical consultant (University of the Philippines College of Engineering) 3 DENR National Capital Region staff
Industrial Ecowatch implementation	3 Secretariat 4 members Technical Evaluation Committee 14 regional coordinators

The interviews lasted from 30 minutes to an hour. Some of the interviews especially with the Secretariat lasted for nearly 2 hours. Most of the face-to-face interviews were recorded digitally.

Document Reviews

The researcher accessed the environmental performance rating database of businesses compiled by the Ecowatch Secretariat. This database included the names and sectors of more than 250 companies and their corresponding ratings for the period 2007-2012. This was used in the analysis of effectiveness and outcomes of the program as discussed in Chapter 5 of this dissertation. The study was not successful in obtaining raw data about the actual pollution discharges (i.e. Biological Oxygen Demand, TSS and other parameters) of the companies. The Ecowatch Secretariat actually does not have this data available therefore the analysis was limited to color-coded performance as assigned by the DENR EMB.

Organizational documents, project reports, EMB departmental reports and project evaluations were also accessed and served as basis for the discussions about framing and interpretation of the program (Chapter 8) and assessment of the program evaluations (Chapter 9). Other qualitative data on outcomes were generated through examination of the extant literature mentioning the program and various documents pertaining to the program.

Online Search/Survey

The study wanted to analyze the extent of information flows and dissemination platforms of the program. In order to track and monitor the extent of media coverage for the public disclosure of the environmental performance ratings, an extensive online search was undertaken by the researcher. However, this activity yielded negative results which served to substantiate the information from the program staff that disclosures were not undertaken nor was information widely disseminated by the program.

In trying to identify framing of the policy, an online search was undertaken and documents making references to Ecowatch were accessed and analyzed. These would include Annual DENR EMB reports, conference presentations, water quality monitoring status, press releases, evaluation reports and assessments. These data are analyzed in latter sections of Chapter 7.

1.6 Analytical framework

1.6.1 Stages of the Policy Cycle

The different stages of the policy cycle conventionally described as agenda setting, policy formulation, decision-making, implementation and evaluation (Jann & Wegrich, 2007) was found useful as a way to categorize the discussion and analysis. Different analytical perspectives are applied to various stages of the policy cycle of the case study. This cycle is quite ideal but in reality policies do not always follow a linear progression from agenda setting to evaluation but are often overlapping. While the stages heuristic of the policy cycle has been criticized for not specifying real-world conditions, the author found that focusing on respective stages of the cycle in detail while understanding and keeping in mind the interdependencies, is worthwhile as the actors and context in each stage are separate and may be different.

The policy transfer lens is utilized as an explanatory variable to analyze policy outcomes, and this is conceptualized to affect various elements of the policy stages and points of inquiry are subsequently identified (this is presented in Figure 1). For example, instead of formulation of policies based on the agenda setting process, it is possible that the availability of policies

drive both the agenda setting and policy adoption stages. Points for inquiry at this stage would be: What are the policies being transferred? From where and what were the motivations for their adoption? When the exogenous policies are transmitted, who facilitates the processes and how are they translated? What are the mechanisms utilized to fit the transferred policy fit into the context? Once they are institutionalized, what makes the adopted policy functional and effective? Is the implementation sustainable? What are the outcomes? Are there other institutional effects? And are they effective enough to achieve environmental and administrative outcomes?

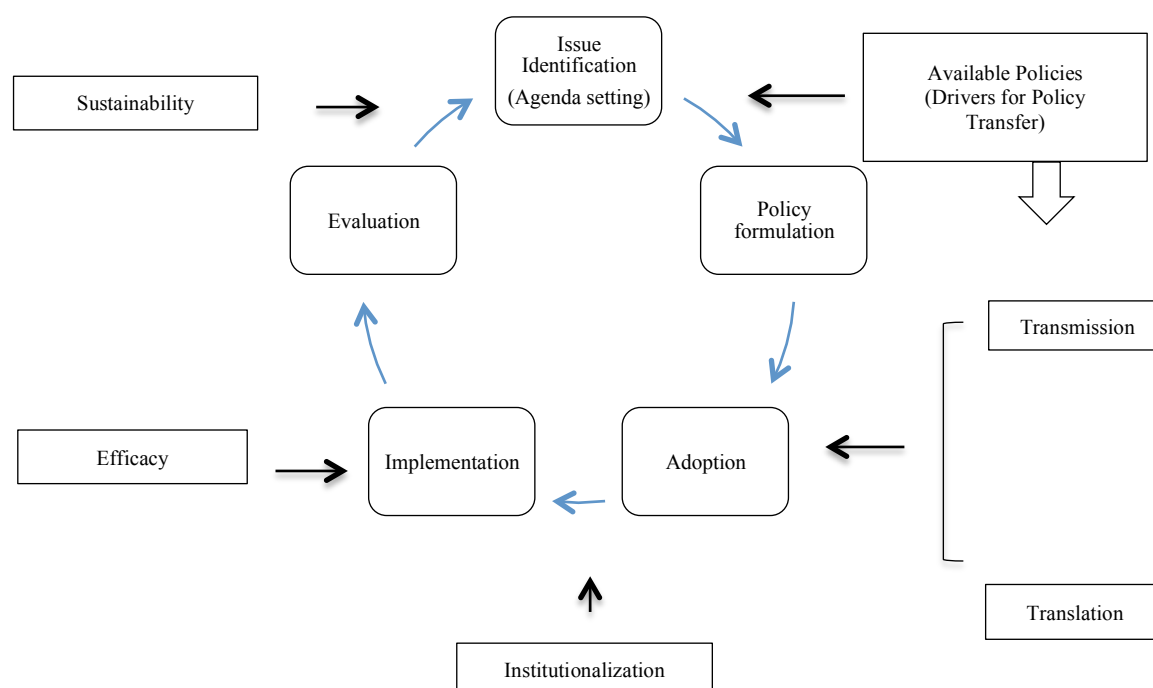


Figure 1. Policy transfer interaction with the policy cycle stages

1.6.2 Policy Transfer and Contextual Interaction Analytical Framework

Furthermore, in going into more in-depth analysis using the policy transfer lens for the case study, the program transfer and adoption process is visualized in Figure 2.

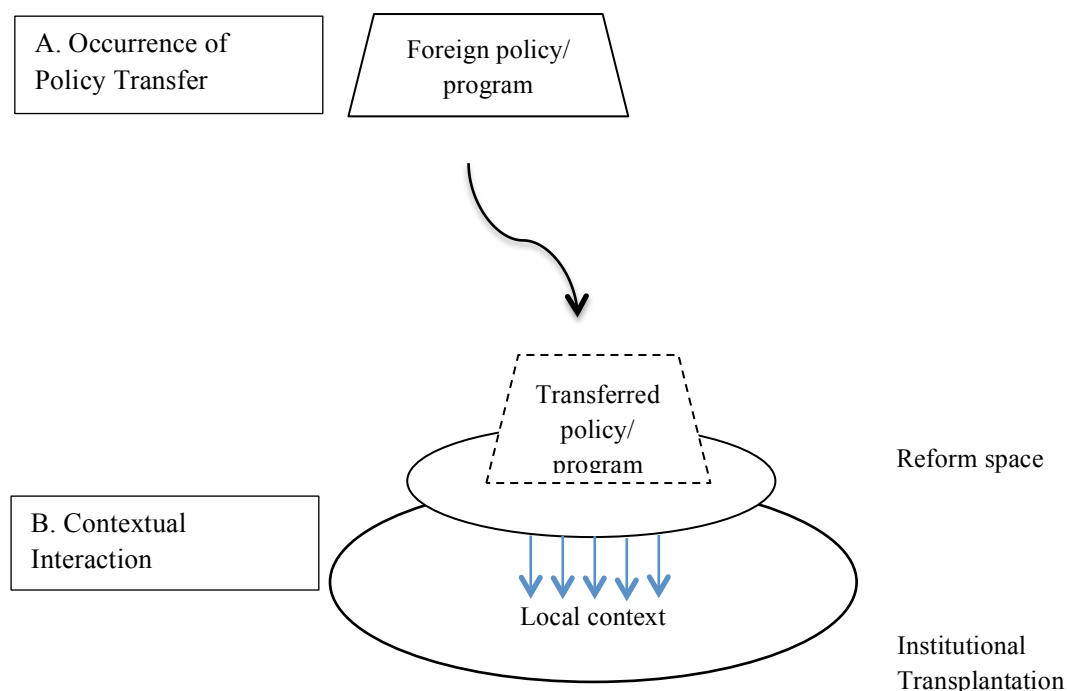


Figure 2. Policy Transfer and Contextual Interaction Framework

For a more parsimonious analysis, this study identifies two major parts of the policy reform process applied to the policy transfer framework. The upper part of Figure 2 corresponds to the occurrence of policy transfer that includes how knowledge about policies are disseminated or diffused, how and who decides to transfer and the actual transfer process. The lower portion of the figure depicts the contextual interaction phase or how the transferred policy interacts with a given context. Two concepts are employed in the discussion and analysis for this study: first is the notion of reform space adopted from the work of Andrews (2004, 2008) and the second is the conceptualization of institutional transplantation generated from (de Jong, Lalenis, & Mamadouh, 2002) and also the institutional coherence notion of Lejano (2006).

1.6.2.1 Knowledge and decision interaction and the transfer process

At the onset, a new idea or innovative policy/program is conceptualized, operationalized and exhibited a certain level of success in a certain foreign jurisdiction X (referred to as donor in this study). Once this has achieved a certain level of success, knowledge or information about this program then gets disseminated through a variety of means: a) the innovator (organization X) can promote its practice b) an external party (Organization M) will disseminate information about the innovative practice—this usually happens when the practice has reached a level of standardization and promoted as best practice that may directly or indirectly reach an adopting institution (Organization Y) or c) the adopting jurisdiction

may come across the innovation through an active search. Once the information reaches the adoptee jurisdiction (Organization Y), they can begin consideration of a possible transfer. The feasibility, relevance and appropriateness of the policy innovation are assessed and once the decision to adopt is reached, the adopting jurisdiction commences the process of transferring which may include identifying the agents responsible for the transfer and identifying available resources. Relevant questions include: How does knowledge about the foreign ideas diffuse? Through what channels are they transmitted? What are the motivations of the agents and how do these affect outcomes? How are the characteristics of the transfer process linked to outcomes?

1.6.2.2 Contextual Interaction Phase

When a foreign policy is adopted, it does not usually get transplanted directly to the local context. The foreign policy needs to interact with some conditions that serve to welcome the foreign idea (or reject it at the onset). The question, “How does the transferred policy land?” is deemed relevant. The first aspect of the contextual interaction phase analyzed in this research pertains to the notion of reform space as conceptualized by Andrews (2008). The factors identified by Andrews in influencing this space is utilized and adapted to refer to the landing space and the institutionalization phase.

The second aspect of the contextual interaction phase pertains to the actual contextualization processes needed for the policy or program to be transferred successfully. The institutional transplantation concept of de Jong et al. (2002) provides two perspectives: the importance of a good “fit” with the context as well as the salience of agents in framing and reframing the borrowed ideas and making it meaningful in the new context. Various concepts from the policy transfer and developmental change literature are utilized in fleshing out the questions and indicative criteria for analysis.

A more detailed analytical framework and corresponding indicators for the two aspects of the contextual interaction phase was developed for the study and will be presented in Chapters 6 and 7 of this dissertation.

1.7 Guide for Analysis

Table 2. Data gathering and guide for analysis

Features of the process (agency level)	Guide questions	Analytic elements/Indicators*	Data gathering method
Motivations of policy transfer agents	What were the motivations of policy transfer agents? How did it drive the process?	Reasons for policy adoption Voluntary, coercive, indirect coercive?	Written statements, interviews, reports
Drivers of the process	Who are the main drivers for the policy formulation process? Are they essentially external actors pushing or domestic actors “pulling in”?	Identify actors involved in policy formulation and development and their roles in the policy transfer process; Prominent actors vs. background actors Institutional analysis	Interviews, document reviews
Degree of transfer	What is the degree of transfer? Was the borrowed program an exact copy? Or was it freely interpreted by the local actors?	Undertake comparisons between PROPER and Ecowatch Specific/detailed policies/programs vs. general idea or philosophy?	Literature on Proper and Ecowatch Interviews with World Bank technical consultant for PROPER and Ecowatch
Extent of lesson drawing	How were lessons drawn? Was there a lot of contact between the adopting agency and the origin of the program/policy?	Lessons from a single model or multiple models Comprehensive learning of lessons undertaken	Comparison between PROPER and Ecowatch Document reviews Interviews

1.8 Organization of the Dissertation

This dissertation is structured around the stages of the policy cycle. It does not follow the stages in their respective “order” in the conventional sense of starting with issue identification or agenda setting, but rather the discussion in this paper starts with analyzing implementation process and its success or failure. This is then related to the processes of policy formulation (and to a certain extent agenda setting) and the adoption and institutionalization of the policy. The last discussion pertains to the assessments of the evaluations undertaken.

Chapter 2 provides an overview of the literatures on policy implementation and policy transfer, as well as presents a background about the use of information disclosure strategies for environmental management. The institutional history and development of Indonesia’s environmental performance ratings and disclosure program on which the Ecowatch policy is based, is also discussed. Chapter 3 lays out the context in the Philippines providing the institutional set-up, regulatory framework and policies pertaining to the environment. Chapter 4 delves into the case of the Ecowatch program outlining the details of the policy and program and its institutional history. In Chapter 5, evidence is provided to determine the programmatic or operational success or failure of Ecowatch and focuses on the implementation stage in the policy cycle of Ecowatch. Outcomes such as improvement of environmental performance and environmental compliance are investigated. Issues and challenges in the implementation are fleshed out in Chapter 6 with the discussion on institutional fit and coherence. Chapters 7 and 8 explore several explanations for why Ecowatch is dysfunctional and relate these to the agenda setting, policy formulation and adoption/institutionalization stages. Chapter 7 focuses on the notion of reform space while Chapter 8 highlights the characteristics of the policy transfer process. Chapter 9 explores the reasons why the program is being maintained and how the dysfunction is being perpetuated. Chapter 10 then synthesizes the lessons drawn and introduces a preliminary conceptual framework for analyzing negotiated transfer process using the policy stages heuristic. Finally, this dissertation recaps the major findings and analysis of the study, addressing the research questions and objectives of the study.

Chapter 2. Review of Literature

This chapter provides an overview of the literature on implementation, policy transfer and institutional transplantation. An overview of information disclosure policies as applied to environmental management is presented and a section on the development of the environmental ratings and disclosure program in Indonesia is laid out to provide a background to the Ecowatch policy in the Philippines. The gaps in the various research fields are also identified and the contribution of this research is specified at the end of the chapter.

2.1. Review of Literature

2.1.1 Policy Implementation

Some criteria for effective implementation assumed for policies formulated by government include clear and consistent policies, validity of causal theory of a program and structured implementation processes among other things (Sabatier and Mazmanian, 1979 as cited in Schofield, 2001). Implementation failure is blamed on unfavorable conditions and Sabatier and Mazmanian suggests that success may be ensured through program design and structuration of the implementation process. This situation is far from ideal and the reality is that the steps of well-defined policy objectives are not enough to ensure successful implementation. Other perspectives with regard to implementation success or failure pertain to looking at failure with respect to bureaucratic compliance such as when the policy is not adhered to; or as a function of flaws in the design of the policy or its formal legislation (Schofield, 2001). This study will utilize the latter perspectives in providing evidence to determine the success or failure of the program implementation of Ecowatch.

First, bureaucratic compliance will be analyzed in chapter 5 of this dissertation using the heuristics and criteria for policy success brought forward by Marsh & McConnell (2010). Evidence will be provided to determine the success or failure of operationalization of the program and the points of its dysfunction. Outcomes such as improvement of environmental performance and environmental compliance will also be investigated. Secondly, the design of the policy will be investigated through the discussion on institutional fit and coherence.

Furthermore, this research links the implementation to the policy formulation process. Authors have concluded that the study or analysis of policy implementation cannot be separated from the processes of policy formulation (Yanow, 1993; Winter, 1986; Birkland, 2006) and that they are in fact interdependent. Others have stressed that there is some

difficulty in distinguishing between the policy formulation and implementation processes—most often the process is untidy and not at all linear and straightforward (Keeley & Scoones, 1999; Thomas & Grindle, 1990). Decisions are not as simple as being formulated by policy makers and then implemented by the bureaucracy. Grindle & Thomas (1989) make the case that implementation of a policy is usually not just about being successfully or unsuccessfully implemented, that in the course of implementation, the policy can be changed in a significant manner and that outcome can be different from original intention. Responses to the policy can either make or break it. Winter (1986) stresses that certain characteristics of the policy formulation process such as the levels of conflict or attention of proponents impact on implementation.

2.1.2 Policy transfer

How and why policies and programs are formulated may be answered in numerous ways. It is very difficult to distinguish between an original idea as ideas must have at one time or another been influenced by ideas elsewhere. Furthermore, borrowing of ideas is pretty common—people borrow ideas from all over all the time. The appeal of emulation is quite understandable. Policy makers are quite busy and face so many demands, and therefore they cannot afford to spend a lot of time searching for ideal policies but would rather satisfice (Richard Rose, 1991). This is why policy actors are routinely on the lookout at the insights and experiences of policy initiatives or for promising programs in the international sphere (Steinberg, 2003; Martin de Jong, Waaub, & Kroesen, 2007). Reinventing the wheel is said to be inefficient especially since most environmental problems are common all over the world. It is way easier for policy makers to search for solutions elsewhere rather than developing new strategies from scratch. Policies existing elsewhere have been tried and tested to a certain extent and emulation tends to minimize start up costs as well as the need for trial and error.

The adoption of policies patterned or copied elsewhere has been discussed in literature under various headings, the most common of which are policy transfer (D. Dolowitz & Marsh, 1996, 1999, 2000; Evans & Davies, 2002; Stone, 1999: lesson-drawing (Richard Rose, 1991), policy learning (Bennett, 1997) and institutional transplantation (W. M. de Jong, 1999). Diffusion studies tend to focus on the spread of policies over a spatial and temporal unit and mainly look at trends or patterns. The terms lesson-drawing and policy transfer are used interchangeably by Rose, (1991) to discuss how policies in one place are emulated or transferred to another jurisdiction but D. Dolowitz & Marsh (1996) make a distinction between the two by arguing that not all policy transfers are brought about by rational agents

voluntarily drawing lessons from other places and that other forms of transfers coercive transfers are also possible. They later on developed a framework about the policy transfer process by conceptualizing a continuum where on one end, transfer is seen as an outcome of lesson drawing by rational actors in search of solutions to local problems elsewhere and where on the other extreme, transfer is seen as an imposition by external institutions such as funding agencies or international treaties against the will of the adoptee. The authors claimed that different types of transfer can be located in different parts of this continuum (Dolowitz & Marsh, 2000). Evans (2004; 2009) simplifies the categories by using both ends of the continuum and inserting a middle category—that of negotiated transfers which essentially have both voluntary and coercive elements.

The policy transfer lens is used here because of the facilitated nature of the transfer process. What differentiates policy transfer from diffusion processes is the intentionality ascribed to the transfer process—conscious borrowing and receiving of an idea, policy, and program. Whereas diffusion may be brought about by structural forces, policy transfers are very much agent-centered. Evans (2009a) confines policy transfer analysis to subjects with a learning activity that is action-oriented, deliberate and results in policy action. The transfer of policy from one jurisdiction to another is intentional and as such needs an agent to facilitate the process. Other elements that make policy transfers distinct from regular policy making by domestic actors are the different set of actor configurations, motivations and objectives (Vinke-De Kruijf, Augustijn, & Bressers, 2012). This research assumes that motivations and interaction dynamics affect adoption processes and implementation and hence are important factors to analyze.

2.1.3 Best practice templates

Developing countries that are routinely looking out for the insights and experiences of foreign policy initiatives or for promising programs in the international sphere commonly engage in negotiated types of policy transfers (M. Evans, 2009b). International organizations and transnational networks often act as the agents or facilitators for these transfers of policy innovation, (Jörgens, 2001; Tews, Busch, & Jörgens, 2003; Evans, 2004) providing channels by which developing countries can extract lessons by promoting practice deemed “best” by their organizational standards. The desire for replicability leads to standardization and hence the promotion of exemplars, models or best practices. In a number of cases, financial aid accompanies the transfer and adoption of best practice programs (Lana & Evans, 2004) through development agencies. In fact, transplanted best practice seems to be a *de facto* if not a consciously articulated mainstream strategy of governments, international organizations and assistance agencies (L. Pritchett, Woolcock, & Andrews, 2010) as they are said to confer

legitimacy to the facilitating organization through organizational learning (Honadle, 1999) as well as the adopting country (Matt Andrews, 2013). Best practices enhance organizational learning. Recipient organizations on the other hand are attracted to the best practice models and also prefer them (L. Pritchett et al., 2010). However, some authors in the policy reform literature have cautioned against the indiscriminate use of these models. P. Evans (2004) finds them unrealistically optimistic, while some authors such as Pritchett & Woolcock (2004) have expressed doubts about the appropriateness of these models for developing country contexts. Rose (2003) contends that “relevant” practice (defined as politically acceptable and within the resources) may be better than practices deemed “best”.

2.1.4 Policy transfer and link to outcomes

The policy transfer literature are mainly preoccupied with discussing theoretically and empirically the phenomena (occurrence) of policy transfer—how and why it happens, the actors involved, motivations and drivers, scope or main elements of policy being transfer and mechanisms of transfer from one jurisdiction to another. However, it seems that their analytical focus stop short of the implementation process but is rather limited to the act (or occurrence) of transfer. This does not mean that authors tackling policy transfer think implementation is not important. Evans and Davies (1999) claim that this is an important stage in the transfer process but nevertheless even in their 10 to 12 stage schematic of the transfer process, only the last 2 pertain to implementation and outcomes.

This lack of focus on the complexities faced once the policy arrives at the new jurisdiction seem to imply that implementation is straightforward and is a matter of just putting into action the decisions made during the transfer process. Furthermore, unlike homegrown policies and innovations, transplanted policies often come with preset designs, and have been demonstrated to work in contexts, which may be totally different from the host context.

Studies attempting to link policy transfer with policy outcomes exist but are quite few. Dolowitz and Marsh (2000) have tried to articulate explanations for the failure of transferred policies indicating that they are more likely if the transfer is uninformed, inappropriate or incomplete. This researcher finds the last articulation weak and argues that policy can never be “completely” transferred as the differences in context necessitate that adaptation and contextualization processes have to occur. De Jong and his colleagues whose work regarding institutional transplantation (W. M. de Jong, 1999) (M. de Jong et al., 2002) try to look into the dynamics of how the “transplant” integrates into the context and analyzes how they work. They provide a more in-depth analysis of the intricacies of transplantation, its suitability with the local conditions and adaptation processes undertaken. De Jong et al. highlight the

importance of local “actors pulling in” as well as institutional fit to account for transferred policy to be successful. They caution against “thoughtless” transplantation leading to resistance and disappointing outcomes and posit several determinants that bring about the likelihood of success of the transplanted policy: 1) the use of various models to single models 2) free interpretation over literal copying, 3) general idea rather than detailed procedures 4) a strong sense of urgency vs. business as usual 5) the need for adapting to structural and cultural differences and of 6) adopters pulling rather than donors pushing. Some of these determinants will be used as indicators for the analysis and discussion in Chapter 8 of this dissertation.

Furthermore, feasibility, appropriateness and fit are deemed important for policy transfers to work. However, it is often the case that a perfect match or fit cannot be found and the consensus in literature is that contextualization and adaptation processes are necessary. Literature is rife with “one size doesn’t fit all” sayings (see for example, Pritchett et al., 2010; Pritchett & Woolcock, 2004; Lejano & Shankar, 2012) and policies or programs are almost always never entirely imported *in toto* and policy makers claim adaptations are undertaken. The question is not if adaptations and contextualizations were undertaken or not but if these were sufficient to make the policy or program “fit”. What has not been sufficiently dealt with in the literature is a discussion on what hinders adaptation and translation processes to be undertaken. This study hopes to address this oversight by looking at the factors that hindered actors from sufficiently adapting and translating the Ecowatch policy.

2.2 Information disclosure and the environment

Over the past few decades, there has been an uptake in the use of information-based strategies in the field of the environment. The 1990s literature cover informational processes in pollution control, specifically on environmental information disclosure and how this is creating new paradigms in environmental regulation by recognizing multiple roles and multiple incentives for various stakeholders (Konar & Cohen, 1997; Afsah, Laplante & Wheeler, 1996). The government or state is no longer limited to monitoring, enforcing and regulating but increasingly working hand in hand with markets and the community. Tietenberg (1998) looks at information disclosure as a third wave in environmental regulation and as a complement or supplement to traditional command and control (first wave) and market incentives (second wave). More recent literatures (2000 onwards) discuss these developments in the bigger context of environmental governance and have tried to document and analyze the various modes and features of information-based programs.

2.2.1 Evolution of information disclosure strategies

While environmental information has long been the basis of governments for crafting of environmental policies, its availability and utility as an actual instrument to address environmental issues have initially been limited. Information disclosure policies have their roots in right-to-know legislation adopted in various parts of the world. Such legislation goes as far back as the 18th century in countries like Sweden (Freedom of the Press Act of 1766), 1950s in the case of Finland (Publicity of Documents Act in 1951) and 1960s in the case of the US, the Freedom of Information Act of 1966 (Sand, 2003). It is perhaps the Emergency Planning and Community Right-to-know Act of 1986 of the US that has been cited the most in that it heralded mandatory environmental information disclosure programs such as the Toxic Release Inventory (TRI).

The right to information has also been recognized as a basic human right by the United Nations: “freedom of information is a fundamental human right and the touchstone for all freedoms to which the UN is consecrated”². In the UN Conference on Environment and Development in Rio, this principle was extended for environmental governance to enable informed public to participate in making decisions regarding environmental issues. Rio Declaration Principle 10 states “each individual shall have appropriate access to information that is held by public authorities...states shall facilitate and encourage public awareness and participation by making information widely available”³. These principles were significant and became the legal basis for environmental information disclosure programs.

The limitations and ineffectiveness of traditional command and control policies and market-based strategies have led to experimentations in a number of environmental policies especially in the US and in Europe that are generally information-based (de Bruijn & Norberg-Bohm, 2001). Herb, Helms, & Jensen, (2002) describes the use of the information power in driving environmental policy as revolutionary, while Afsah, Laplante, & Wheeler (1996) calls this a new paradigm in pollution control. This whole strategy goes beyond simply publicizing bad (and good) behavior by industries. When regulators with data supply information, they take on other roles such as facilitators and mediators (Afsah et al., 1996). With the concept of disclosure of information, other stakeholders can be empowered and motivated to act according to the kind of information received. Consumers, investors, community, people’s organizations that were once external to the regulator-regulatee relationship, are then included into the environmental management processes. It is hoped that

² UN General Assembly 1st Session Resolution 59(I) Calling of an international conference on Freedom of Information accessed from <http://www.un.org/documents/ga/res/1/ares1.htm>

³ UNEP Rio Declaration on Environment and Development
<http://www.unep.org/Documents.Multilingual/Default.asp?DocumentID=78&ArticleID=1163>

these external stakeholders will provide the additional pressure necessary to lead firms to manage pollution. The information released creates a wider range of incentives (e.g. good publicity, marketability) and disincentives (e.g. loss of sales, investment withdrawals/credit refusals and even social ostracism) than regulations alone or for that matter, economic instruments (Afsah et al., 1996).

2.2.2 Information disclosure as applied in environmental management

The disclosure of information as applied to the field of environmental management actually comes in a variety of forms such as certification of products, eco-labeling and publication of environmental reports by companies (IGES, 2010).

Mandatory governmental information disclosure programs also come in different forms. The Toxics Release Inventory (TRI) program in the US, a database reporting the amount and type of chemicals being released annually by companies would be the most prominent. It has been referred to as an accidental success—significant reductions in on-site and off-site releases of toxic emissions were attributed to the pressure brought about by public disclosure leading many firms to abate pollution emissions. It has been claimed to be the forerunner of other mandatory disclosure schemes such as Pollutant Release Transfer Registries (PRTRs) adopted in other developed countries like Canada, South Korea, Australia, EU and Japan (Cohen & Santhakumar, 2007). For developing countries however, such emissions inventories were found to be difficult to implement due to weak regulatory institutions and concerns about the public's ability to understand them (Jin, Wang & Wheeler, 2010). A new type of disclosure program came in the form of ratings based on environmental performance of companies, which were developed and demonstrated successfully in Indonesia. These strategies have been implemented in various countries such as Indonesia, China, India, Brazil, Mexico and the Philippines with the support of the World Bank (World Bank, 2000; Afsah et al., 1996; Dasgupta et al., 2007). There are two basic differences between the forms of mandatory disclosures being implemented in developed and developing countries. First, for TRI and PRTRs, the information being disclosed are raw data of chemicals released—no judgments are being made on the companies releasing the chemicals, and no interpretation of the data (such as health risks) are provided to the public. In the case of environmental performance ratings however, results are interpreted based on an evaluation of companies' pollution emissions by the government agency. Secondly, the data being disclosed in the former consist of legally emitted substances, which means that any reduction of emissions arising from the disclosures can be described as reductions beyond compliance. However in the case of developing countries, the aim is to reduce pollution emissions to reach either

compliance (for negatively rated companies) or beyond compliance (for positively rated companies) and the data is about environmental performance.

Analyses of a number of environmental information disclosure strategies have shown that these programs do improve the environmental performance of polluters (Konar & Cohen, 1997; Afsah et al., 1997). Evidence from initial studies on the Toxics Release Inventory indicated that information disclosures have reduced emissions (Konar and Cohen, 1997; Foulon, Lanoie, & Laplante, 2002). Konar & Cohen (1997) and Foulon et al. (2002) have also shown that capital markets react positively to information about well performing companies and negatively when a poor environmental performance is exposed. Another study on the impact of environmental news on stock prices in Argentina, Chile, Mexico and Philippines revealed that stock prices rise due to good environmental performance and fall in response to publicity surrounding complaints (World Bank, 2000).

2.2.3 Environmental Performance Ratings and Disclosure Programs and their outcomes

Some evidences from developing countries have also been encouraging as to the effectiveness of information disclosures in improving environmental performance of industries. Rigorous studies conducted by Powers, Blackman, Lyon, & Narain (2008), Wang et al., (2004) and Garcia et al. (2007) have provided empirical evidence that the Green Rating Program in India and the PROPER program in Indonesia, respectively drove down significant pollution loadings by the rated industries. Wang et al., (2004) have provided anecdotal and qualitative evaluation of the effectiveness of China's Greenwatch program in pollution control. Other results from World Bank assisted information disclosure programs reported by Dasgupta et al. (2007) showed that environmental information disclosure programs were providing complementary strategies for controlling pollution.

The disclosure of information was found to promote internal management's awareness about their own firms' pollution and encouraged them to proactively improve performance in Indonesia (Blackman, Afsah, & Ratunanda, 2004) and in China (Liu et al., 2010). Another study conducted for Green Watch program in China also found that the program increased market and stakeholder pressure on companies to improve (Jin, Wang, & Wheeler, 2010). Disclosures are said to contribute to improvement in bureaucratic efficiency (Dasgupta et al., 2007; Beierle, 2004). Handami (2010) reported that the rating results disclosed by PROPER in Indonesia were being used as reference for environmental risks by banks.

These benefits and the claims of having minimal burden on regulators, no effective enforcement capacity requirements (Blackman et al., 2004) and the seemingly low cost of

implementation of disclosure programs (Garcia et al., 2007; World Bank, 2000; Kathuria 2009) justified the promotion of EPRDs in developing countries and made them popular

2.2.4 Limitations of Disclosure as an environmental policy instrument

Notwithstanding the optimism of the earlier studies, more recent papers are casting doubt on the net effectiveness of these strategies. Bruijn, & Norwberg Bohm (2001) indicated that though short-term impacts have been demonstrated by disclosure programs, long-term effects have yet to be observed. The notion that information disclosures can be a substitute for regulatory instruments in developing countries is being questioned by Van Rooij (2010) who contends that enforcement mechanisms by regulatory agencies are in fact necessary to make disclosure programs work. Dasgupta et al. (2007) have also noted that the cost of disclosure strategies may not be so different from that of conventional regulation due to similar informational requirements. These papers have expressed that disclosure strategies work best work as a complement and not a substitute to the regulatory system.

Blackman (2010) who reviewed the literature on environmental performance ratings and disclosure programs in developing countries argued that claims on community pressure promoting emission reductions are not well supported and inconclusive. Lee (2010) expresses that the potentials of these strategies have yet to be fully harnessed while Lee, Lejano & Connelly, 2013 express some doubts about how well these strategies can work in weak states.

2.3 Development of Environmental Ratings and Public Disclosure Program: the case of PROPER in Indonesia

Indonesia's manufacturing sector was booming in the 1990s and with it came rising pollution levels. A growing NGO movement and clamor for action against increasing pollution led to the creation of a new environmental impact management agency, BAPEDAL (Afsah et al, 2013). This environmental agency was mandated to assist in policy formulation for pollution control, implement hazardous waste management and also to increase public participation. BAPEDAL set standards for allowable pollution levels but it found out that the limited monitoring and enforcement capacity made it extremely difficult to ensure compliance. Faced with a restrictive political economic environment, the agency was hard pressed to be creative in meeting its objectives and in 1993 started experimenting with various alternatives to address and control pollution. In 1993, then Deputy for Pollution Control Nabel Makarim initiated the development of the Program for Pollution Control, Evaluation and Rating, which eventually became known as PROPER (Afsah, S., Laplante, B., Shaman, D. & Wheeler, D, 1997). It was established formally in 1995 by BAPEDAL and targeted to reduce pollution

emissions by Indonesian firms. A performance rating system making use of color codes were generated to evaluate the degree of environmental performance by the firms that were then subsequently disclosed to the public in various media events.

Table 3. History of Indonesia's PROPER program

Date	Action	Description	Outcomes
1989	Launching of PROKASIH Clean River Program	Identified significant polluters & drew up voluntary pollution reduction agreements; Collected data about emissions from facilities	Surprisingly successful; several polluters induced to significantly reduce
1990	Creation of BAPEDAL, New Environment Impact Management Agency	New agency with pro-active staff especially the deputy for pollution control	Analysis of pollution data from PROKASIH generated findings
1993	BAPEDAL Deputy Director Makarim proposed color-coded rating scheme & disclosure	Received approval from Minister of Environment to launch PROPER target date June 1994	Difficulties in translating the regulations to color coding scheme
Early 1994	Technical team from Australia, Canada and WB to develop program	Survey to companies, developed elaborate system	Deemed not appropriate for limited capacities of the agency; experts went home
Feb 1995	7 agency staff + WB consultant	Continued monitoring, refining data and developing the program	Devised a simpler system, tested and re-tested
June 1995	First Disclosure Cycle for good performers	Ratings provided to industries; noncompliant firms given time to improve performance. After 6 months, disclosed to the public	Compliance rate increased from 36% to 41%; community protest documented over 1 facility
	Revival of the program		

Source: Information obtained from various documents (Afsah et al., 2013; Afsah & Vincent, 1997; Garcia et al., 2007)

There were two factors that led to the development of PROPER—voluntary arrangements between industries and local government were not enough and legal complaints usually ended up with industries winning the cases.

The success of PROPER can be attributed to previous informational techniques and public credibility established by ADIPURA (Clean City Program) and PROKASIH (Clean River Program). These programs were innovative because Indonesia lacked the legal and policy framework to get cities to clean up. In a way, PROPER was a logical extension of the previous programs.

2.4 Justification/contribution to the research field

The overview of the various literatures on policy implementation, transfer and information disclosure strategies have been presented in this chapter. The gaps in the various research fields are identified as follows:

The outcomes of environmental performance ratings and disclosure programs in Indonesia, China and India have been monitored. However to date, no comprehensive performance evaluation studies have been undertaken for the Philippines' Ecowatch program after its pilot program. Considering that the Philippines was one of the first adopters of the policy and its expectations were high due to the active environment citizenry, an understanding of the challenges and difficulties in the Philippines may be informative for other countries that are struggling to initiate or make disclosure programs work.

It is to be noted that much of the literature on policy transfer has been dominated by case studies of voluntary transfer concentrated in Northern America and in Europe. The absence of studies concerning developing countries has been acknowledged in the field although a smattering of case studies that have highlighted cases of negotiated or indirect transfers in developing countries and countries in transition (for example, Vinke-De Kruijf, Augustijn, & Bressers, 2012; Randma-Liiv & Kruusenberg, 2012) have recently tried to address this oversight. Moreover, a collection of some cases involving developing countries that have been presented can be found in the compilation of Evans (2004) and in the special issue of the *Knowledge, Technology and Policy Journal* (de Jong, Waub and Kroesen, 2007; Volume 19, Issue 4, Winter 2007). This study hopes to provide additional insight on the issues and challenges of policy borrowing of a template from one developing country to another. This is important considering that the majority of the world's population lives in developing nations and environmental problems abound in these regions. Moreover, analyzing Ecowatch can generate insight on the dynamics of negotiated policy transfers and the promotion of best practice especially since developing countries seem to be attracted to undertaking such

processes due to availability of possible solutions to domestic problems as well as the accompanying financial and technical resources.

Chapter 3. The Philippine Context

This chapter introduces the Philippine context in order to provide a background for the setting of the case study. The institutional and social contexts in which environmental management is enacted are presented. A description of previous experiences with informational strategies is furthermore depicted. Through these, insights into the justifications for the adoption of alternative environmental instruments such as information disclosure are generated.

3.1 Environmental Status and Pollution in the Philippines

The Philippines boasts of more than 7,000 islands and has a land area covering approximately 300,000 square kilometers and a coastline of more than 17,000 kilometers. As of 2010, the population in the country stands at 92.34 million (NSO Census, 2010) and is usually ranked 12th in the world. Considered as a biodiversity hotspot, the Philippines ranks 25th worldwide in the total number of animal and plant species. But despite the richness in its natural resources, the country is facing worsening ecological crisis. Only a fifth (17%) of the natural forests remain, the coastlines are degraded with only 3% of the coral reefs in good condition and more than half of the groundwater is contaminated (IBON, 2013).

Air pollution in major urban centers is a major problem with total suspended particulates (TSP) in Metro Manila at 166 micrograms/normal cubic meters in 2010 which corresponds to 84% beyond the WHO standard of 90 ug/Ncm. More than 80% of this is due to vehicular emissions. Waterways in major urban centers are unfit for human activity with biological oxygen demand (BOD) for 19 major rivers in 2010 at four times the standard of 7 mg/L (DENR, 2011).

In 2000, an estimated 188,000 tons of toxic and hazardous substances were generated by industries registered at EMB (DENR-EMB, 2003). A report by UNIDO on Industrial Policy and Environment in the Philippines indicated that industrial wastes caused 30% of the pollution of river systems in 1994 (UNIDO, 1999). But in 2005, the total BOD generation in the Philippines for the period 2001-2005 estimates domestic sources (48%) as major sources of water pollution, followed by agriculture (37%) and industry (15%). The industry sector's decreasing share in BOD load has been attributed to the installation of waste water treatment facilities that have enabled them to minimize their pollution generation (DENR-EMB, 2009).

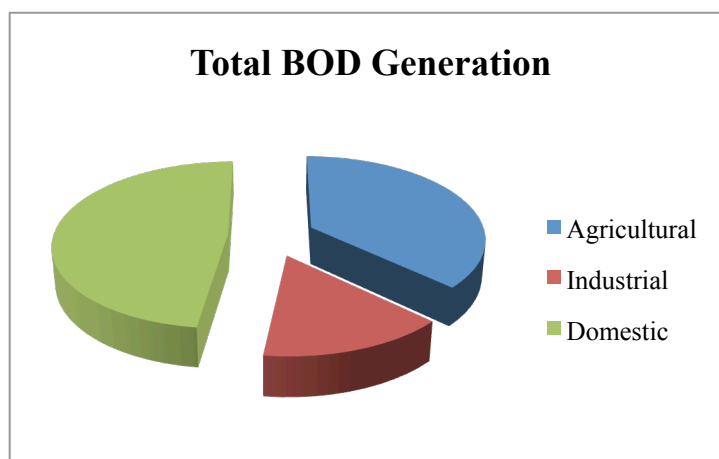


Figure 3. Sources of Water Pollution (Total BOD Generation in the Philippines), 2001-2005

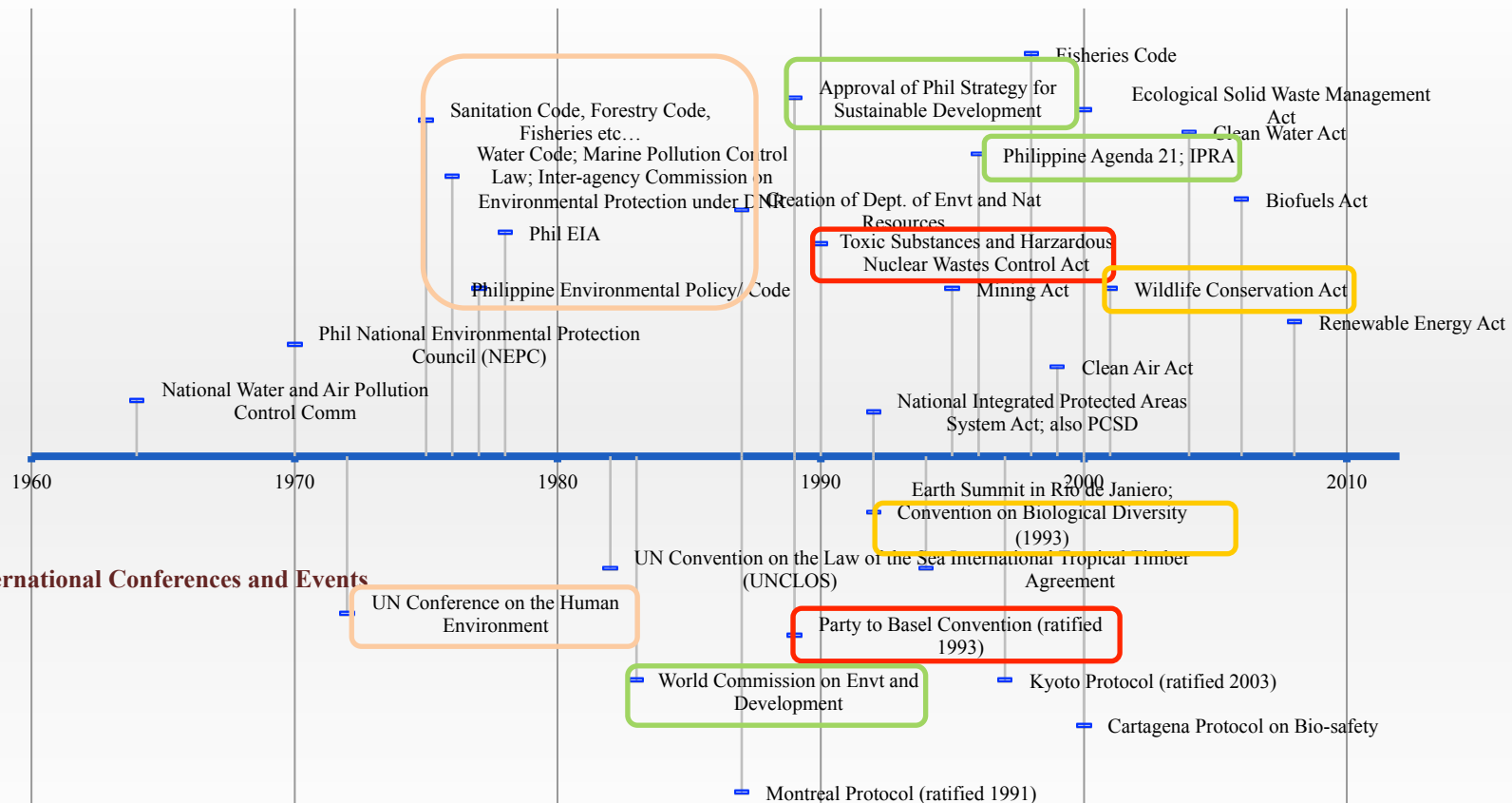
Source: DENR-EMB, 2009

3.2 Overview of Environmental Policy in the Philippines

With more than 118 environmental policies, the Philippines' environmental legislation is considered one of the most comprehensive, progressive and responsive in Southeast Asia (Oposa, 2009). It covers the brown, green and blue sectors. These environmental policies have been characterized as piece-meal, sector specific and use-oriented (La Vina, 2008). At the global level, the Philippines is also a signatory to 39 multilateral environmental agreements and has ratified 59 MEAs. Florano and Prieto (2008) report "good performance" for Philippine commitments especially on procedural compliance such as enactment of environmental laws, attendance to meetings and submission of reports. While progress has been made with regard to environmental protection and conservation, the translation of policies to environmental outcomes continues to be a major challenge.

Vertical influences may be observed to be at work in the formulation of a number of national environmental policies and legislation. The timing of formulation of several major national environmental policies and legislation in the Philippines seem to be responses to various international conferences and conventions to which the country was a participant or a signatory (see Figure 4).

Environmental Policies in the Philippines



Since the UN Conference on the Human Environment in 1973, the Philippines started formulating various policies on sanitation, forestry, fisheries and pollution control. Some examples include: The Philippine Environment Code, which serves as the basic environmental policy, was enacted in 1977. The World Commission on Environment and Development in the 1980s led to the Philippine Strategy for Sustainable Development and the Philippine version of Agenda 21. Soon after signing the Basel Convention, the Toxic Substances and Hazardous Nuclear Wastes Control Act was executed. The Earth Summit in Rio de Janeiro led to the development of the Wildlife Conservation Act of 2001.

3.3 Institutional Set-up

The administrative task of generating environmental policies and implementing programs are laid on the Department of Environment and Natural Resources (DENR). Created through Executive Order No. 192 in 1987, the DENR consolidated several government agencies previously carrying out environmental and natural resources functions. The DENR is tasked to develop, implement, monitor and evaluate environment and natural resources policies and plans as well as enforce standards and regulations.

With regard to its organizational structure, the DENR is headed by a Secretary who is appointed by the President of the Philippines. Under the Secretary are several Undersecretaries and Assistant Secretaries who oversee staff and line bureaus of the Department. There are four staff bureaus namely the Protected Areas and Wildlife Bureau, Ecosystems Research and Development Bureau, Forest Management Bureau and Land Management Bureau. The line bureaus include the Mines and Geosciences Bureau and the Environmental Management Bureau.

The main agency within the DENR tasked to oversee air and water quality protection, pollution prevention and control and environmental impact assessments is the Environmental Management Bureau (EMB). DENR through the EMB oversees the formulation of ambient standards for measuring air, water and soil quality. Initially, EMB was established as a staff bureau in 1987 merely providing policy and implementation guidelines and support for the DENR. In 2002, along with the Clean Water Act, EMB became a line bureau, which essentially means it operates as a sub-organization with a direct line of command through their own regional and field offices and can act as an independent enforcement authority.⁴

The EMB is composed of 7 Divisions: Legal, Research and Development, Environmental Quality, Environmental Impact Assessment, Environmental Education and Information, Administration and Finance and Environmental Policy and Planning.

⁴ <http://www.emb.gov.ph/portal/ABOUTUS.aspx>

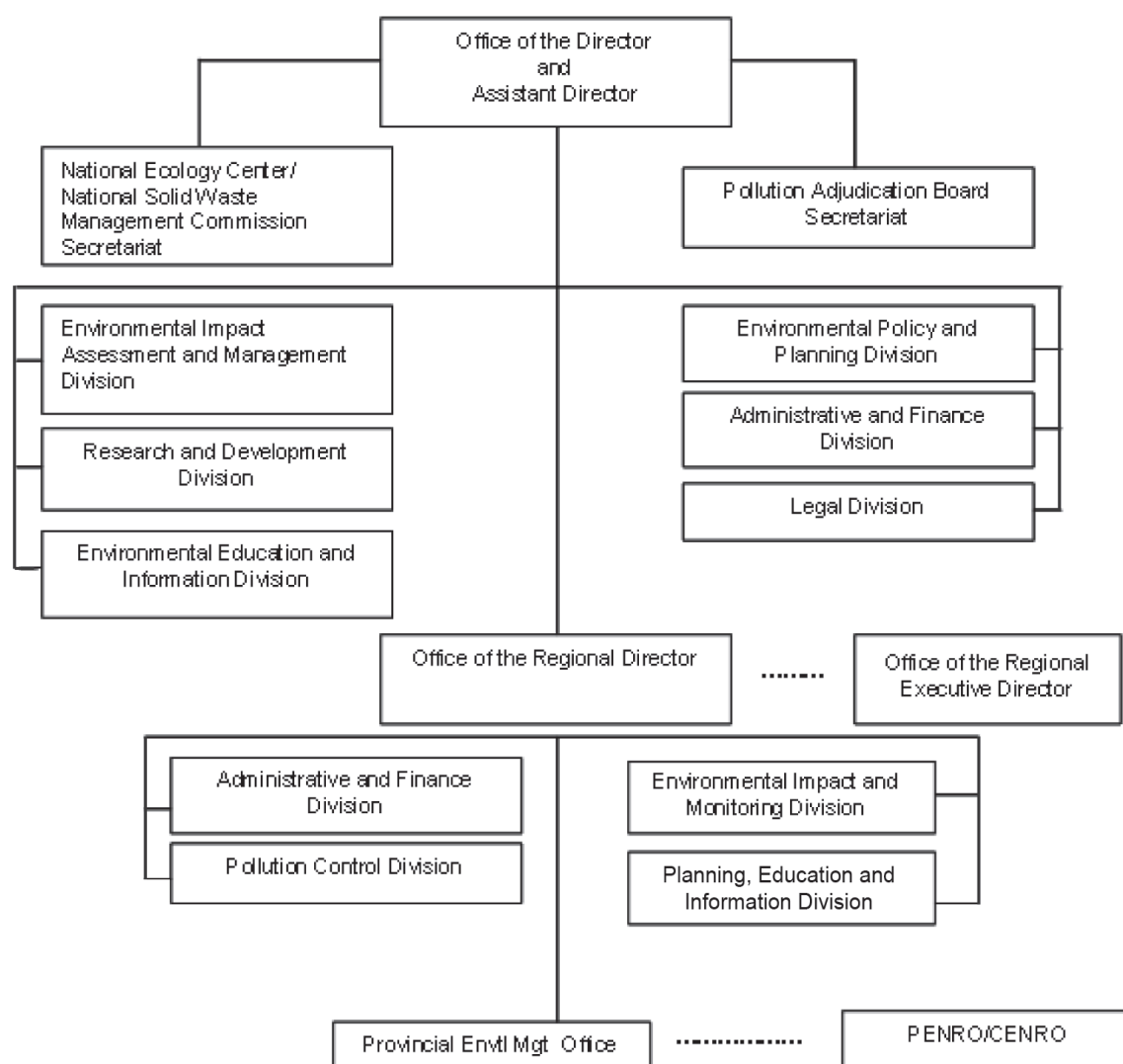


Figure 5. EMB Organizational Structure

Source: (DENR-EMB, 2009)

The DENR maintains 16 regional offices corresponding to the administrative regional divisions of the Philippines with officers and staff assigned to regional offices of the Environmental Management Bureau Unit. Figure 6 presents the map and the administrative regional divisions of the Philippines.

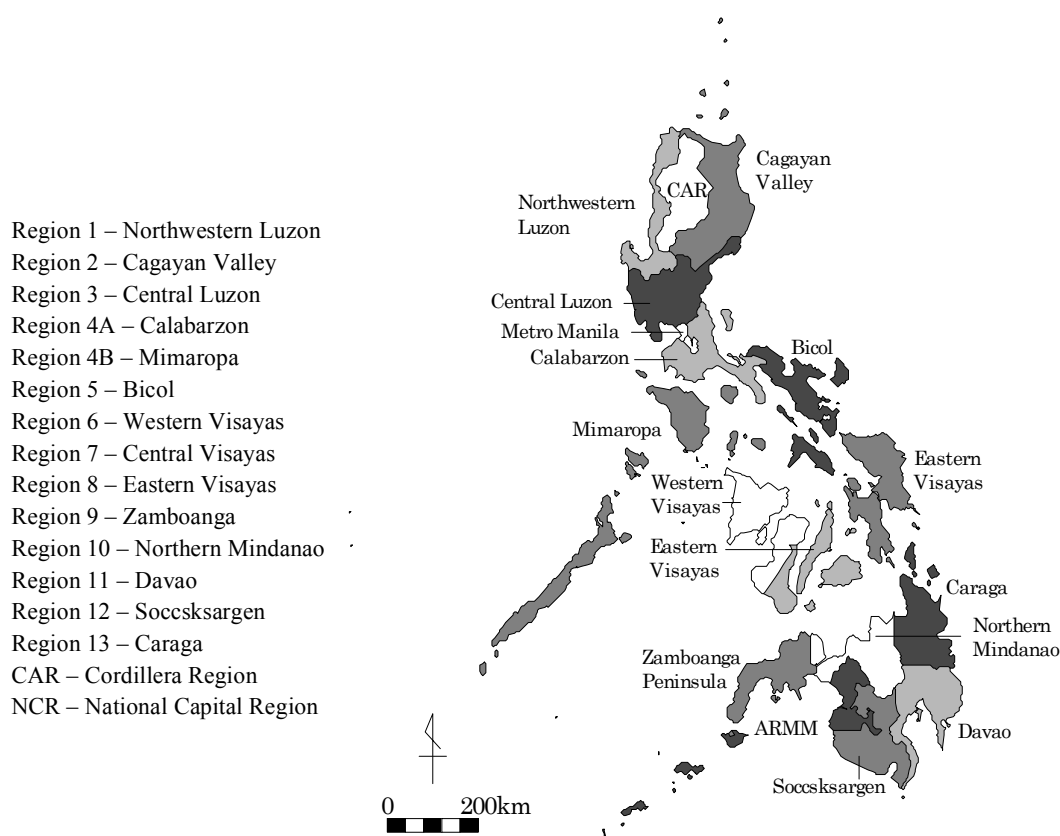


Figure 6. Administrative Regions in the Philippines

3.4 Regulatory Framework

The EMB is mandated to implement and enforce six (6) major environmental laws pertaining to environmental quality. These environmental laws are presented in Table 4. Pursuant to Executive Order No. 192, the EMB is also mandated to provide research and laboratory services, and secretariat services to the Pollution Adjudication Board and the National Solid Waste Management Commission (EMB, 2012).

Table 4. Six environmental laws comprising the mandate of EMB

Date	Policy	Main Provisions
1978	Presidential Decree No. 1586 Establishing an Environmental Impact Assessment System	Establishment of Environmental Impact Assessment (EIA) System to facilitate attainment and maintenance of a rational and orderly balance between socio-economic development and environmental protection
1990	Department Administrative Order 34 (Revised DAO 34-90)	Revised water usage and classification
1990	Department Administrative Order 35-90	Revised Effluent Regulations (revision and amendment of effluent regulations of 1982)
1990	Republic Act 6969 an act to control toxic substances and hazardous nuclear wastes	Regulate, restrict or prohibit the importation, use, movement, treatment, and disposal of toxic chemicals and hazardous and nuclear waste in the Philippines.
1999	Republic Act 8749 Philippine Clean Air Act	Comprehensive air pollution policy to establish and operate appropriate devices necessary to monitor ambient air. It seeks to minimize possible associated impacts to the economy of pollution control measures
2000	Republic Act 9003 Solid Waste Management Act	It aims to adopt a systematic, comprehensive and ecological solid waste management program. It highlights proper segregation, collection, storage, treatment and disposal of solid waste through the formulation and adoption of the best eco-waste practices.
2004	RA 9275 Philippine Clean water Act	Protection of the country's water bodies from pollution from land-based sources. It provides comprehensive and integrated strategy to prevent and minimize pollution through a multi-sectoral and participatory approach involving all the stakeholders.
2008	RA 9512 National Environmental Awareness and Education Act	Promotion of national awareness regarding natural resources, environmental conservation and sustainable development. Integration of environmental education in school curricula

The EMB's powers and functions also include policy recommendations for environmental management and pollution control, formulation of standards for environmental quality, formulation and implementation of rules and regulations for environmental impact assessments, disposal of solid wastes, toxic and hazardous substances.

Regulatory standards covering a wide variety of pollutants are issued by the EMB. The most well known of the environmental standards addressing industrial pollution of water sources can be found in DENR Administrative Orders 34 and 35 in 1990 which provide legal coverage for the maintenance of water quality in the country. For industrial activities, these standards tend to be mostly performance based (i.e., they indicate specific levels of permissible factory emissions/effluents), and to a lesser extent technology based (i.e., referring to a specific technology). These standards include: ambient concentration standards specifying quantitative ambient water and air quality targets; mass-based standards, specifying quantitative limits for emissions to air, land and water for any given emission source and for specific types of pollutants; and input standards, specifying quantitative and qualitative standards for production inputs (such as fuel quality).

DENR also has the authority to issue environment permits through its regional offices. The Authority to Construct (AC) is issued as a requirement for the construction of pollution abatement facilities, such as a wastewater treatment facility or air pollution control device. The Permit to Operate (PO) is issued annually for the continued use of a pollution abatement facility. The fees paid for these permits are quite small. As a means to encourage industry self-regulation, submission of quarterly self-monitoring reports (SMR) of emissions and effluents are required of all holders of Permits to Operate or Authority to Construct.

3.5 Challenges in Compliance Monitoring and Addressing industrial pollution

A study conducted by UNIDO in 1999 indicated limited compliance of SMR submission due to low penalties for non-submission and weak enforcement. The lack of laboratories for sampling as well as high cost of laboratory analysis was also cited as reasons. The penalty for not submitting required self-monitoring reports on effluent levels from industry sources only involves revocation of accreditation for the firm's designated Pollution Control Officer (PCO)—this confers the pollution monitoring responsibility to the individual and not the firm itself and is little disincentive for the company because they can always replace the Pollution Control Officer who loses accreditation. And even for those who do submit SMRs, spot-check inspection and validation of submitted data are severely hampered by the lack of personnel and laboratory equipment. The snippet below from the UNIDO report on industrial policy and environment in the Philippines conducted in 1999 provides an insight into the resource challenges of the DENR:

“In Region 4-A, for example, covering the provinces of Cavite, Batangas, Aurora and Quezon, one of the most highly industrialized regions in the Philippines, a team of only one chief chemical engineer, one chemist and one engineering aide must perform all of the earlier mentioned functions for all factories and establishments. The Environmental Quality Division of Region 4-A only has a capability to test effluents for total suspended solids. Air quality testing equipment is available only at the National Capital Region Regional Office. At the community level jurisdiction extends only to minor complaints relating to pollution caused by rice and feed mills.” (UNIDO, 1999)

Furthermore, another report assessing enforcement and compliance reported that EMB is only able to monitor and inspect about 25% of the regulated establishments in its database. This number is approximately less than 5% of the total registered establishments nationwide. Factors include limited manpower, minimal resources and limited capacity. Most of the pollution inspectors have forestry backgrounds rather than pollution control. (AECEN, 2004).

As an administrative agency, DENR’s enforcement of pollution control laws is often focused on the imposition of administrative sanctions such as fines and/or cancellation of permits and licenses. Aside from imposition of fines, the DENR, through the Pollution Adjudication Board (PAB), is also empowered to order the cessation of environmentally harmful activities through Cease-and-Desist Orders (CDOs). Current fines do not seem to be effective as a deterrent, so DENR has mainly resorted to CDOs to force compliance. It then has to devote its limited logistics to monitoring discharges (to support sanctions) rather than to monitoring ambient conditions, which is its main task. CDOs, supposedly a tool of last resort, have unfortunately become the main tool for forcing compliance, with undesirable consequences. They test the credibility of the DENR, and firms are usually ready to use the arguments of job losses and social unrest against closure.

3.6 Justification for environmental instruments

Environmental governance in the Philippines has markedly improved but a number of issues remain that make it ineffective in mitigating environmental degradation. One of these is the lack of routine environmental monitoring, poor use and dissemination of environmental information when available, as well as weak enforcement of existing laws. It is partly due to these that innovative solutions have been proposed and implemented.

With regard to addressing environmental issues brought about by developmental activities, the Philippine government relies on the use of traditional regulations--mainly legal requirements for pollution emissions caused by individuals or facilities. These regulations cover performances in terms of meeting standards or making appropriate changes in the

process, materials used and proper disposal of waste materials. These requirements are essential for the protection of the environment and public health, and proper enforcement schemes like inspections, negotiations, legal action and compliance promotion are needed. In the Philippines, there is a poor track record for enforcement due to limited budgets, capability as well as corrupt practices. Furthermore, compliance is not automatic and in fact, industries go out of their way to circumvent the law if the costs of compliance are high. Achieving a significant degree of compliance therefore needed a huge investment on the part of governmental efforts to encourage as well as compel the necessary behavioral changes in the regulated community.

In recent years, market-based instruments have also been used in the country to address environmental issues. One example is the Environmental User Fee System (EUFS) implemented as a mechanism to improve environmental enforcement and compliance of firms located in the Laguna de Bay Region. Based on the Polluter Pays Principle, the EUFS requires all facilities discharging liquid waste to the lake to pay a “polluter’s” fee. This program has generated a certain amount of success and is used efficiently as a complement to the existing regulatory policies.

The operational challenges cited in the preceding section have led DENR and its associated agencies to develop and try out other strategies to enhance environmental performance of companies as well as control pollution.

To promote compliance with environmental standards, EMB has innovated an approach to engage industry and environmental agencies in voluntary self-regulation. Under the Philippine Environmental Partnership Program, the EMB provides a suite of technical and regulatory assistance as an incentive for industry to explore and implement cost-effective and sustainable pollution management strategies. EMB has also made public participation and transparency key elements of its EIA system, involving affected communities and stakeholders at various stages of project developments to ensure safe, smart, and sustainable development. (EMB website).

One of the innovative strategies employed has been the use of environmental information disclosure programs popularly known in the country as simply public disclosure programs.

3.7 Public Disclosure Strategies in the Philippines

Public Disclosure strategies have been implemented in the Philippines even before the popularization of World Bank initiated environmental information disclosure schemes. In 1995, this public disclosure strategy came in the form of a public shaming exercise that headlined the names of the top 12 “Dirty Dozen” polluting companies in the Philippines. This was said to impact on the family of one of one textile company whose children refused to go to school out of shame. This textile company later helped set up a voluntary organization of industries for a clean environment.⁵ Sagip Pasig Movement, an NGO overseeing rehabilitation and management of Pasig River in Metro Manila also initiated public disclosure strategies as early as 1994. Aside from Ecowatch, the Laguna Lake Development Authority also implements their own version of a public disclosure program which has been patterned after Ecowatch.

Other forms of disclosures include Public Recognition Programs which are also quite popular in the Philippines. These are not regulation-based programs but the practice of praising good performers implemented by various government as well as private organizations, have encouraged and motivated companies to become good stewards of the environment. A number of industry associations have come up with their own version of awards for businesses displaying good environmental stewardship. Examples include “Excellence in Ecology and Economy (E3) Award” by the Philippine Chamber of Commerce and Industry (PCCI) and “Recognition Program for Responsible Business” by the Management Association of the Philippines (MAP).

Legal basis on public disclosure

The Philippines does not have a Freedom of Information Act per se but the Constitution guaranties the right to information. This right to information was first included in the 1973 Constitution and was later on expanded in the 1987 Constitution. Article III, Section 7, states: “The right of the people to information of matters of public concern shall be recognized. Access to official records and documents, and papers pertaining to official acts, transactions, or decisions as well as to government research data used as basis for policy development, shall be afforded the citizen, subject to such limitations as may be provided by law”. Government is also obliged to fully disclose information of a public interest under Article II, Section 28: “Subject to reasonable conditions prescribed by law, the State adopts and implements a policy of full public disclosure of all its transactions involving public interest” (Republic of the Philippines, 1987).

⁵ http://www.javno.com/en-economy/green-prize-winner-urges-asia-to-shame-polluters_36261 April 18, 2007

3.7 Civil Society

The Philippines is said to have a vibrant civil society sector with the largest number of NGOs per capita in Asia. The term civil society pertains to a wide range of organizations, which includes NGOs, POs, voluntary organizations and cooperatives. This also covers business and professional associations, labor unions, church-based organizations and educational institutions (Lowry, 2008).

Due to democratization efforts following the overthrow of the dictatorial regime of Ferdinand Marcos, public participation in decision and policy making were not just encouraged but mandated by the 1987 Constitution of the Philippines. The Local Government Code of 1991 also mandates representation of civil society in the Local Development Councils through accredited representatives (usually NGOs or POs) thus creating space for involvement and participation in governance. Under this favorable environment, civil society organizations comprising of NGOs, People's Organizations, and Cooperatives among others flourished even more. In 1995, there were around 60,000 non-governmental organizations and People's Organizations registered under the Securities and Exchange Commission (SEC) ⁶. Development-oriented NGOs were estimated to number between 3000 to 5000, a small portion of which are primarily environment-oriented (World Bank, 2004).

With respect to the environment and natural resources, laws enacted from the 1990s onwards specifically requires strong participation by citizens and civil organizations through consultation mechanisms and also directly through membership in various management and development boards such as Water Quality Management Boards, Solid Waste Management Boards, Fisheries and Aquatic Resources Management Councils and Protected Area Management Boards (PAMB). However, while these councils and management boards are functional, in reality their effectiveness is still fairly questionable. Only a few local development councils have been successful in planning and implementing development projects. While government agencies commonly undertake public consultations, these are mainly done perfunctorily. The civil society sector does have venues to complain and protest but not working engagement with the government. True engagement such as actual participation in evaluating data, searching for policy solutions and the like is still lacking (Lee et al, 2013).

⁶ A more recent study estimates the range of registered and non-registered civil society organizations at 249,000–497,000 (Carino, 2002 in ADB 2013)

3.8 Private Sector Engagement

In 1996, the Government of the Philippines endorsed the Philippines' National Agenda for Sustainable Development for the 21st Century (Philippine Agenda 21). Since then DENR and the Department of Trade and Industry have stepped up their efforts to build awareness of the importance of sound environmental management practices within the business community. The incorporation of environmental provisions in the Magna Carta for Small Enterprises, known as Republic Act (RA) No. 6977, and the launch of two programs, gave an even stronger signal of the government's willingness to promote and support private sector participation in environmental management (World Bank, 2004).

As mentioned previously, the EMB has been trying to engage the private sector specifically the industries under its jurisdiction to engage in voluntary self-regulation. The Ecowatch program together with the Philippine Environment Partnership Program are some of the ways this engagement has been manifested.

3.9 Chapter summary

This chapter provides the backdrop for the adoption of the Ecowatch disclosure program. The weak regulatory implementation capacities of the government agency and some experience with disclosure strategies by the government agency and an environmental NGO were thought to justify the adoption of innovative and alternative regulatory strategies such as information disclosure programs.

Chapter 4. Ecowatch Program Description and Institutional History

Before any analysis of the disclosure policy can be undertaken, the Ecowatch program needs to be understood. This chapter is thus aimed at providing a clear picture of the program that is being studied. It starts off by laying down the facilitating factors for the transfer and adoption of an Environmental Performance Rating and Disclosure Program in the Philippines. It then provides a description of Ecowatch—from its stated objectives, organizational and operational set-up to the procedures for rating and disclosure. As a prelude to the analysis in the succeeding chapters, the outcomes of the pilot phase during the period 1997-1998 are presented. This chapter ends with the timeline of implementation and a brief discussion of the challenges in the implementation of the program.

4.1 Structural Factors facilitating the transfer of EPRD to the Philippines

This section lays out the various structural factors that facilitated the transfer of Environmental Performance Ratings and Disclosure programs developed in Indonesia to the Philippines at various levels using the multi-level framework of Evans and Davies (1999).

At the macro-level the global, economic, ideological, technological and institutional factors are scrutinized for that period. It is to be noted that by the mid-1990s, “sustainable development” as a concept and an ideology has gained a lot of traction. This has stressed the importance of addressing environmental concerns even for industrializing nations. Realizing the difficulties and challenge of relying mainly on command and control strategies, the ideas for solving pollution issues were being extended beyond regulation to include market-based strategies and the use of information. Information-based strategies were also becoming popular especially with the success of the Toxics Release Inventories. These ideologies have diffused all over the world and are aided by globalization as well as the fast-paced development of Information and Communications Technology (ICT). International regimes, transnational networks, epistemic communities have helped facilitate the information exchange.

At the level of the Philippines (micro-level), we find that the ideational context pretty much reflected the international context. Due to its participation and involvement in various environmental conferences and treaties, the Philippine government became proactive in sustainable development issues. In 1986, the government developed its National Strategy for sustainable development. In 1996, the Philippine Agenda 21 was formulated. Furthermore, a

governmental environmental policy shifted from being mainly exploitative to management of resource. This period up to the late 1990s also saw rapid modernization and government response was to pass a succession of laws to address pollution such as Clean Air Act, Clean Water Act and Solid Waste Management Act.

Under President Fidel V. Ramos whose term started in 1992, industrialization was a key component with regard to his aim for the Philippines to become an economic “tiger”. The country did experience economic boom and alongside with it, rising pollution levels. The political strategy of “development diplomacy” (Pattugalan, 2010) also meant development of closer ties with multilateral and bilateral institutions. This was the backdrop which helped to facilitate the transfer of innovative policies for pollution control in the Philippines. The diffusion of SD ideology, as well as the proactive stance of government for development diplomacy and foreign policy made it easier to accept and adopt policies and programs that have been implemented elsewhere.

Environmental performance ratings and disclosure programs for pollution control were popularized by the World Bank. Their close contacts and work with the Indonesian government on various aspects of environmental management led them to support the development of the EPRD strategy at the onset and the success of the policy experiment led them to believe that it was a strategy worthy to be shared to the developing world. They have facilitated for other countries to develop similar strategies and in fact approached the Philippine government to ask if they wanted to implement a similar program.

One of the agents that was crucial in linking the Philippine government and the World Bank came in the form of Bebet Gozun, the National Program Coordinator of Metropolitan Environmental Improvement Program (MEIP—a program established by World Bank and the UNDP to design and implement solutions to environmental problems) in the Philippines. As a consultant to the World Bank, she was exposed to the success of PROPER and in her capacity as coordinator for the MEIP, she acted as an adviser to the Department of Environment and Natural Resources Secretary. She was thus strategically positioned to act as a mediator between the World Bank and the Philippine government and was instrumental in convincing then DENR Secretary Victor Ramos to apply the same concept of EPRD to the Philippine setting. The Philippine environmental regulatory agency shared some of the characteristics of BAPEDAL—weak enforcement capacity, limited budgets and personnel. Some experience with shaming strategies in the past led the department to believe that a similar scheme will work in the Philippines.

4.2 Adoption of Ecowatch

In 1996, the DENR together with the World Bank hired consultants to take on the design and piloting of an environmental rating and disclosure program similar to Indonesia's PROPER. The technical expert (World Bank consultant) involved in the design and development of PROPER was requested to take on the project with assistance from a couple of technical staff from the University of the Philippines Engineering and Research Development Foundation, Inc. (UPERDFI) as the local counterpart. In a span of eight months from September 1996 to May 1997, this team of consultants designed the data gathering and reporting system, developed a computer model for evaluating performance of companies, conducted an actual run of the program, and undertook training of the DENR staff for management of the program. The DENR National Capital Region (DENR NCR) and Laguna Lake Development Authority or LLDA (regional bodies of the DENR tasked with overseeing pollution control) were identified as the pilot areas for implementation of the pilot run.

The EPRD in the Philippines was dubbed Ecowatch and had virtually the same program elements as PROPER. For the pilot run, industries from the database of DENR NCR and LLDA were selected and subjected to a 5-color coded rating scheme quite similar to PROPER. This was later on amended to a 6-color coded rating scheme to be able to create more categories and to distinguish between excellent and outstanding performers. The criteria for the rating system were limited to compliance with water quality standards, specifically measures of Biological Oxygen Demand. After ratings have been undertaken, companies were sent advance notices of their ratings and non-compliant firms were given a grace period in which to improve their performance and for clarifications and discussion with the Environmental Management Bureau if necessary. After the grace period, the ratings were announced via an event with media coverage.

4.3 Ecowatch Program Description

Environmental information disclosure programs being implemented in developing countries come in the form of performance rating and public disclosure. These have two components, the first incorporating the assessment of environmental performance of the companies against a set of criteria and the second publicly discloses the results of this performance to the public. The original policy was drafted in 1998 through DENR Administrative Order 98-51 but this was amended and revised in 2003.

4.3.1 Stated goal and objectives of Ecowatch

The main goal of Ecowatch as stated in the DENR Administrative Order 2003-26 is “to pursue an efficient and effective approach to promote industrial compliance and encourage pollution reduction through public pressure” (DENR, 2003a).

The specific objectives are:

- a) To promote mandatory self-monitoring and compliance with environmental standards and to encourage voluntary self-regulation among establishments for improved environmental performance by
 - Encouraging pollution control beyond compliance through public recognition and praise
 - Creating incentives for dischargers and or producers;
- b) To build or enhance the capability of establishments and/or their associations on self-regulation in
 - Developing internal environmental management systems
 - Promoting the use of international environmental standards such as the ISO 14000 series

4.3.2 Technical Evaluation Committee

In order to effectively monitor and fully implement the Revised Industrial Ecowatch System nationwide, a Technical Evaluation Committee was created in 2008. DENR EMB Special Order No. 017 Series of 2008 creating the TEC specifies the Chairman to be the Chief of the Environmental Quality Division with membership composed of officials and personnel from various divisions as specified in Table 5. In practice, the chiefs of the various divisions do not attend the meetings but send representatives.

The Technical Evaluation Committee provides the technical directions for implementation of Ecowatch at the national level. Their main task is to validate, review and integrate the results of the regional offices’ ratings, prepare this for publication in 2 newspapers of national circulation. The TEC prepares the Annual Evaluation Report and submits to the EMB Director for endorsement to the DENR Secretary for public disclosure.

Table 5. Composition of Technical Evaluation Committee for the Revised Industrial Ecowatch System

Chief	Environmental Quality Division (Chairman)
Chief/representative	Legal Division
Chief/representative	Environmental Impact Assessment Division,
Chief/representative	Research and Development Division
Chief/representative	Environmental Education and Information Division
Chief/representative	Environmental Policy and Planning Division
Secretariat/Representative	Pollution Adjudication Board
Section Chiefs of	Water, Air and Hazwaste Section
	Secretariat: EQD Staff

Source: DENR Ecowatch Secretariat

Once the performance ratings from the regional offices come in, the TEC meets to discuss and review the reports. If necessary, they undertake actual validation inspections and collection of samples. This entails TEC members to travel to the regional field offices and undertake plant level inspections. When the findings of the validation visits differ from the ratings provided by the regional offices, the TEC ratings will prevail.

4.3.3 Ecowatch Secretariat

The secretariat for Ecowatch provides technical and administrative assistance to the Technical Evaluation Committee to ensure coordinated and effective implementation of the system. This includes coordinating with the regional Ecowatch focal personnel, facilitating meetings, trainings and workshops other administrative functions pertaining to Ecowatch meetings and validation procedures. It was originally lodged at the Environmental Quality Division office but in practice its functions have been transferred to the Philippine Environment Partnership Program (PEPP) office since 2008. It was only in 2013 though that the transfer of the Secretariat function to the PEPP office was made official through an EMB Special Order. The PEPP and Ecowatch are claimed to be “twin programs”—their enactment by then DENR Sec. Bebet Gozun came during the same period and they have similar paradigms and strategies. As such, it was logical that the Secretariat be under the same roof (Osorio, interviews 2011).

4.3.4 Rating Scheme and Procedures

Ecowatch sets up an environmental grading system to categorize the environmental performances of companies and makes use of color codes. For the pilot phase, 5 colors were used for the scheme. Industries were rated Gold for environmental efforts that go beyond legal requirements. Other ratings include Green or Blue for sufficient efforts to comply with DENR standards, Red for insufficient effort to abide by environmental regulations and Black for companies that make no effort to improve their compliance. For the initial implementation, water quality was monitored and the parameters for consideration were: Biochemical Oxygen Demand (BOD) and Total Suspended Solids (TSS).

The 5-color rating system initially employed was found to be simple and sufficiently effective in categorizing the compliance and environmental performance of the firms but regional consultations and assessment of the pilot project indicated the need for a new category to distinguish “excellent” and “outstanding” performers, thus an additional level (SILVER CODE) was introduced in the 2003 version and the program currently runs on a 6-color based rating system. A procedural manual has also been released to provide the framework for interpretation and the program has been tagged as Revised Industrial Ecowatch System (DENR, 2003a).

The Ecowatch rating system (Table 6) is essentially based on the broad parameters of environmental damage from pollution released by factories, and the extent of management effort by factories to control pollution. Based on these parameters, performance indicators and the corresponding broad categories of performance rating were identified.

Table 6. Revised Industrial Ecowatch 6-color code rating system

Performance Indicator Color Code	Broad Category
GOLD Excellent	<p>The firm has been rated SILVER for the past two consecutive rating period in all media (e.g., water, air);</p> <p>The firm implements an appropriate Environmental Management System and waste reduction program, whichever is applicable, and;</p> <p>A community environmental outreach program is being implemented on a regular basis by the firm</p>
SILVER Outstanding	<p>The firm must meet all the DENR/LLDA requirements for and has been rated GREEN in the previous rating period, and;</p> <p>The firm implements clean technology, energy and water efficiency/conservation program/s, whichever is applicable;</p>
GREEN Very Good	<p>The firm must meet all the DENR/LLDA requirements and has been rated BLUE in the previous rating period;</p> <p>The firm's effluents/emissions are consistently lower than the applicable standards by at least 20 percent;</p> <p>The firm has well functioning monitoring equipment such as flow meter, continuous emission monitoring system;</p> <p>The firm has discharge points accessible to inspection.</p>
BLUE Good	<p>The firm's effluents/emissions are consistently within the applicable standards within the rating period of one (1) year;</p> <p>The firm is in full compliance of all other DENR/LLDA regulatory requirements under PD 984, PD 1586, RA 6969, and DAO 26 series of 1992, which require the submission of self-monitoring reports (otherwise known as the pollution control officer or PCO reports) from pollution control officers;</p>

	<p>Its wastewater treatment and/or air emissions control or abatement equipment are all well-maintained, and;</p> <p>The SMRs submitted are complete and accurate.</p>
<p>RED</p> <p>Bad</p>	<p>The firm has violated applicable wastewater effluent/air emissions standards even with efforts to reduce such discharges/emissions through the installation of fully operational WTP and/or emissions control abatement equipment.</p>
<p>BLACK</p> <p>Very Bad</p>	<p>The firm discharges beyond standard and has no wastewater treatment system and/or applicable air emissions control/abatement system;</p> <p>The firm discharges toxic and hazardous wastes to the environment beyond the allowable limits set under DAO Nos. 34 and 35, series of 1990;</p> <p>The firm is under a Cease and Desist Order issued by the DENR RED, the PAB, or the LLDA for violating provisions of PD 984;</p> <ul style="list-style-type: none"> · There is willful manipulation by the firm of effluent discharge or air emissions, including the conduct of illegal activities such as dilution of discharge, installation and use of by-pass, or direct discharge of untreated air emissions and/or wastewater; · There is verified obstruction of inspection activities of duly certified/assigned personnel of the DENR/LLDA; or; <p>There is legitimate and verified public complaint of pollution against the firm and no effort had been taken or exerted to address this complaint within the rating period.</p>

Source: DENR Ecowatch Procedural Manual, 2003

The rating criteria are hierarchal in nature and thus the ratings are also awarded progressively. This implies that a RED company has surpassed criteria for Black and that SILVER have met all criteria for green and for that matter other colors below it. This also implies that a company can only be rated SILVER a year after receiving a GREEN rating. Likewise, a GOLD rating can only be awarded to those who have been SILVER in the previous rating periods making them enter the “hall of fame”. Technically, the earliest that a GOLD rating can be awarded is on the 3rd year or 4th year of rating for a particular firm.

In order to encourage compliance, additional administrative incentives are provided for under the revised program in the form of lesser frequency of submission of self monitoring reports for compliant firms (annually or semi-annually vis-à-vis quarterly) as well as extension of duration of various kinds of permits issued by the EMB.

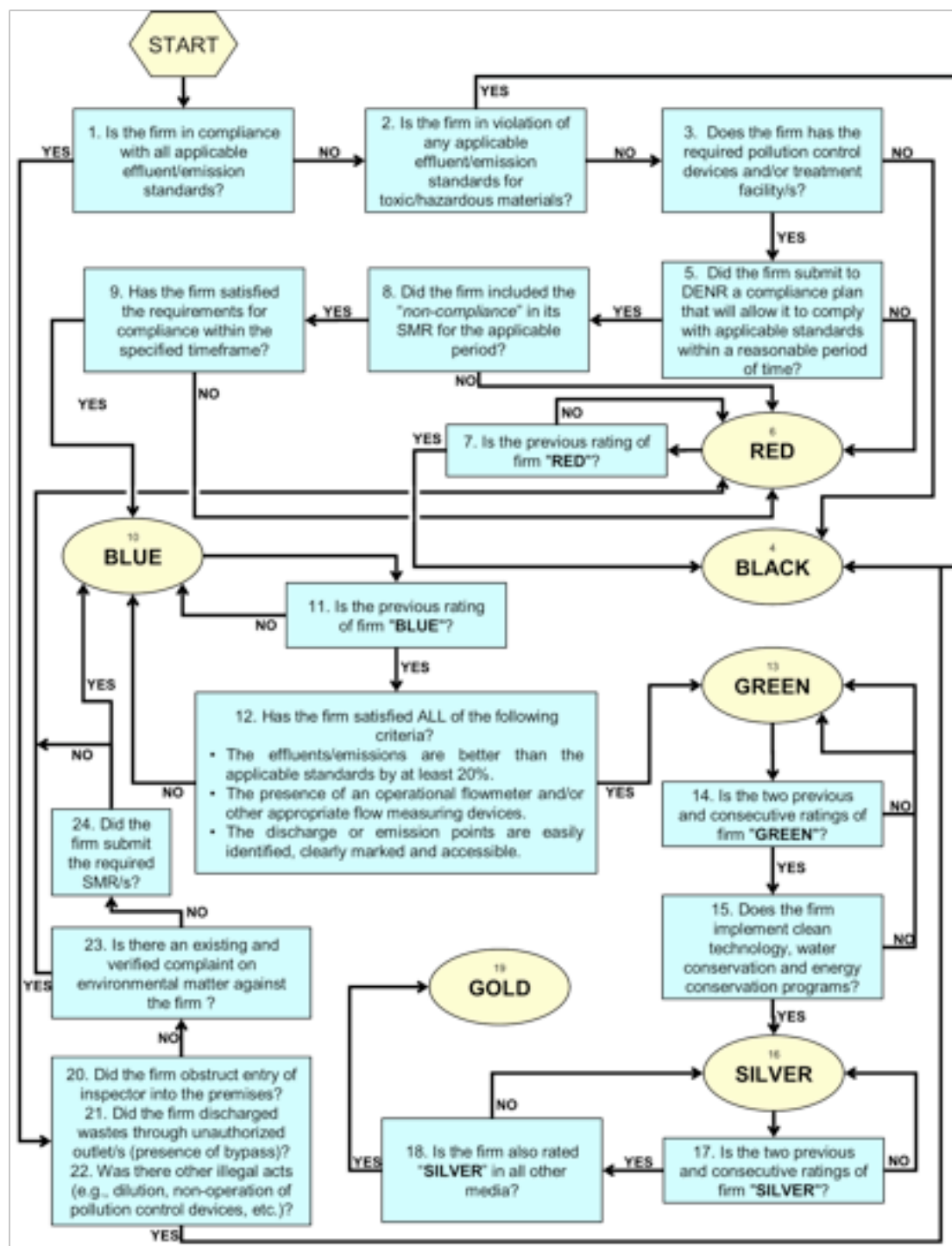


Figure 7. Rating Procedure for Revised Industrial Ecowatch System

Source: DENR Procedural Manual 2003

The Industrial Ecowatch procedural manual states that the rating exercise is conducted annually and must be completed during the second quarter of the year, based on data and information contained in documents submitted by companies (mainly SMRs) as well as monitoring and site validation visits by regional offices of the EMB-DENR. The results of the assessments (initial rating) are then prepared and sent back to the companies for feedback and appropriate action. The rated firms are given 30 days after receipt of letter to respond (concur or object) and are given the rest of six months to resolve the issues, improve their environmental performance, and/or undertake necessary actions including technical consultations with DENR staff. Once the firm concurs with the rating results, it will be deemed final and included in disclosures that are conducted once a year during the first quarter of the succeeding year. Disclosures are to be announced in the media such as newspapers, television, and radio including the name of the company, their address as well as their products for public information with the disclosure for GOLD, GREEN and BLUE firm disclosure are to be undertaken at least two (2) weeks ahead of the disclosure for the RED and BLACK firms. The Ecowatch performance rating process is illustrated in Figure 8.

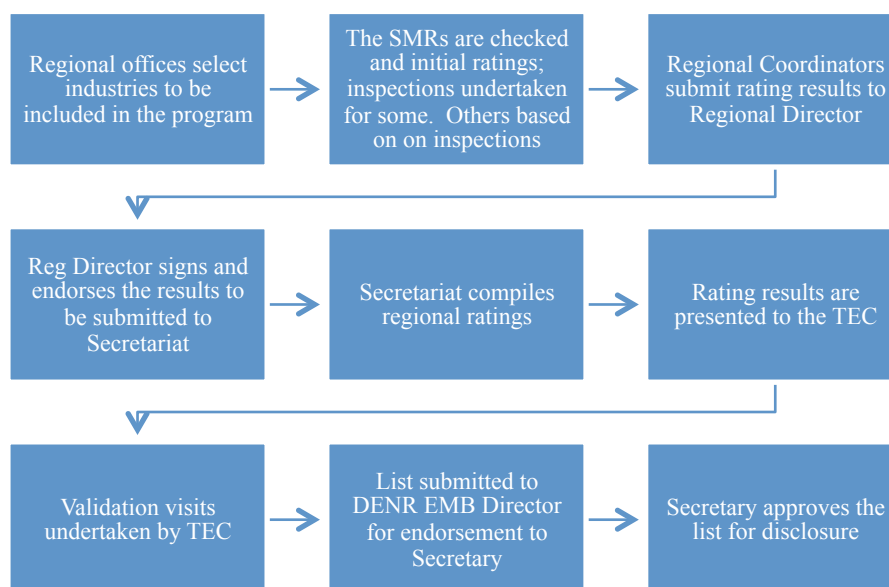


Figure 8. Ecowatch rating process

When the program was piloted in 1997, six of the most polluting sectors were identified as priorities. The inspection process later reduced the list to 88 industrial firms who received initial ratings. For the national implementation of the program, DENR identified priority sectors which included the sugar central and refinery plants; beverage plants; pulp and paper plants; cement plants; meat and fish processing plants; beer, soft drinks, soy sauce and

condiments manufacturing plants; mall/commercial establishments; and chicken dressing plants.

4.4 Outcomes of the Ecowatch Pilot Program

The Ecowatch ratings conducted in April 1997 indicated that only 4 out of 52 companies rated were compliant (granted blue code). However after privately notifying the companies about their ratings, prior to full disclosure, some companies were reported to respond and improved their performance accordingly. Full disclosure with broad media coverage was reported in November 1998 with a marked increase in the number of blue ratings: from 8% in April to 58% in November 1998 (World Bank, 2000).

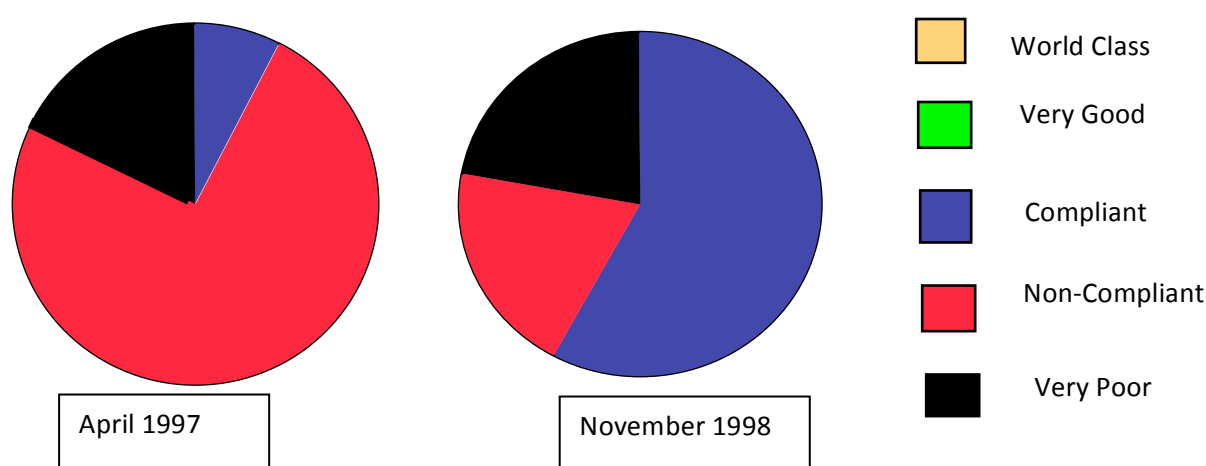


Figure 9. Comparison Graphs of Pilot Program Ecowatch Results 1997 and 1998

Source: World Bank, 2000

These results were very encouraging and generated immediate positive response from the companies. This initial success convinced the DENR to adopt it as a new compliance monitoring system with the aim of promoting mandatory self-monitoring among industries. Thus, the Industrial Ecowatch was adopted in June 1998 as DENR Administrative Order (DAO) 98-51 within the Department of Environment and Natural Resources. This administrative order specifies the adoption of the Industrial Ecowatch system by the DENR as a national program and provides implementation guidelines. It was to be carried out by the staff of the then Environmental Management and Protected Areas Service (EMPAS) in the DENR Regional Offices. Section 4 of DAO 98-51 specifies the criteria for rating and the color code assignments while Section 8 specifies that the disclosure of the results will be done once a year after prior information to the rated industries.

Up to this stage, it can be said that the transfer of environmental performance rating and public disclosure (EPRD) from Indonesia to the Philippines can be deemed successful. However, a closer investigation and tracking of its implementation from the time it was institutionalized as a DAO in 1998 and its many on and off implementation and revivals up to the present revealed issues and challenges.

4.5 Timeline of Ecowatch Implementation

In this section, the institutionalization and implementation of Ecowatch is scrutinized. Figure 10 graphically illustrates the timeline of Ecowatch implementation from the pilot phase up to the present.

After DAO 98-51 was enacted, the program did not take off and effectively became inert for many years. Several reasons are posited for this: 1) with the 1998 presidential elections in the Philippines ushering in a new national leader, a new DENR Secretary was appointed who may not have been sold out on the program, and 2) the onset of the Asian financial crisis which led to some political and economic turmoil⁷. Furthermore, in 1999 with the passage of the Clean Air Act, the Environmental Management Bureau of the DENR was restructured from a staff agency to become a line agency. This essentially meant the scrapping of the EMPAS who was tasked to take on the Ecowatch and the creation of EMB regional offices. Here, we see that structural and agency factors hindered the initial operationalization of the program.

A positive development that led to the revival of Ecowatch happened in 2003, when Bebet Gozun one of the policy brokers for the EPRD transfer, was appointed as DENR Secretary. One of her actions as DENR Secretary was the revival of the Industrial Ecowatch through enactment of DAO 2003-26 which amended and revised the Industrial Ecowatch system based on DAO 98-51. A technical consultant Resources, Environment and Economics Center, Inc. (REECS) was engaged to draft the procedural manual to “provide the framework in the implementation of the public disclosure scheme under the Industrial Ecowatch System” (DENR-EMB, 2003a). The revised DAO expanded the scope of Ecowatch and local and regional EMB offices were tasked to undertake the implementation. The revision also included the addition of another color component/category (SILVER) changing the codes from 5 to 6 levels as well as the identification of administrative incentives for well-performing firms. The procedural manual for the Revised Ecowatch system lays out the public disclosure procedure: for regional offices to prepare a master list of the rating results

⁷ The Asian financial crisis has been cited in literature as a reason why PROPER in Indonesia was also temporarily shelved (Garcia et al, 2007)

and for EMB central office to prepare the consolidated list for national publication in at least 2 national newspapers while regional results are to be published in at least 1 regional newspaper. Furthermore the manual specifies that “press conferences and other media activities may be scheduled or held to recognize the achievements or condemn the dismal performances of the various firms.” (REECS, 2003).

Since the administrative order in 2003 was released, the regional offices of the EMB have been conducting environmental performance ratings for the companies in their respective regions. However what is interesting to note is that from the period 2003 to the present, no public disclosures have been undertaken leading to dysfunctional implementation. While in practice this program continues to be running, it has ceased to be a public disclosure strategy.

4.6 Chapter Summary

This chapter laid out the actual transfer and adoption the Ecowatch program in the Philippines. It provides an overview of the institutional history of the program and looks into the outcomes of the pilot program in the late 1990s. Since its initiation in 1996, the program has been in operation until the present. The last section provides an overview of the timeline of the major implementation events in the history of Ecowatch indicating the challenges faced in its operationalization. The next chapter will try to provide evidence for the dysfunction that has been observed.

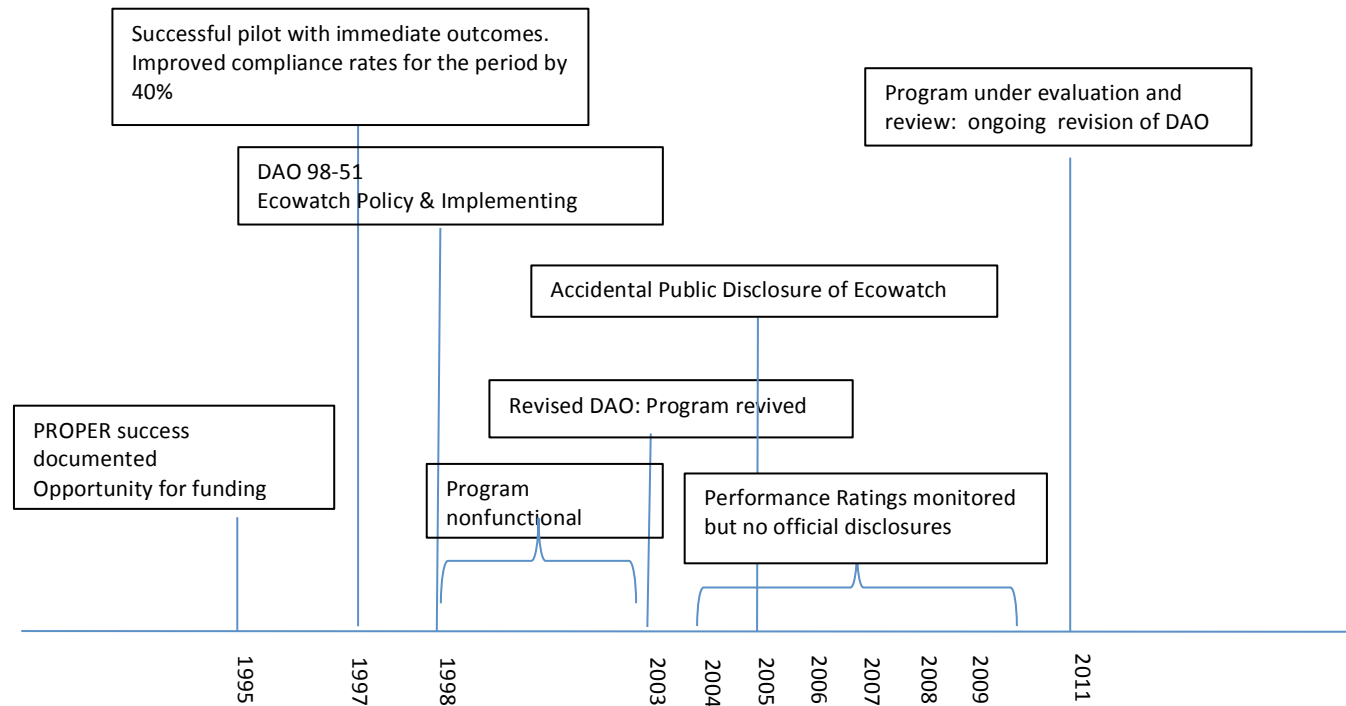


Figure 10 Timeline of Ecowatch Implementa

Chapter 5. Evaluating the Programmatic Success or Failure of Ecowatch

The pilot implementation of Ecowatch was largely seen to be successful and generated immediate improvement in terms of environmental performance of businesses included in the program. What has largely been un-assessed are the outcomes of the program after the pilot phase and as it was installed as a national program of the DENR.

In this chapter, the study attempts to investigate the effectiveness of the Ecowatch program in improving the environmental performance of businesses included in the program since it was institutionalized as a national policy from 1998 to the present. It seeks to answer the specific Research Question 1 posed in this research: Was the policy successful in attaining its objectives? What are the outcomes of the policy?

A framework for determining programmatic success espoused by Marsh and McConnell (2010) was utilized as a guide for the analysis.

In tracing the implementation status, there was a seeming lack of public disclosures leading to conclusions that the program is dysfunctional. In order to substantiate the claims for dysfunction of the program, empirical evidence is provided making use of program logic as the basis for analysis.

5.1 Ecowatch: effective or not?

When the Ecowatch program was first encountered in this research, the impression was of a dysfunctional program due to the fact that public disclosures, which was the main strategy of the program was not being systematically undertaken. The program was initially thought to be non-operational. However, upon further investigation, it was discovered that the program in fact continues to be operational up to the present. What was interesting was that interviews with various staff of the DENR EMB (program implementers) conducted in 2013 revealed mixed responses to the questions: What can you say about the Ecowatch program? Is it effective in improving compliance? Is it achieving its objectives? (See Table 7.)

Table 7. Select responses from Ecowatch program implementers regarding its effectiveness

Question: Is Ecowatch effective in improving compliance of businesses to emission standards? Is it achieving its objectives?	
Negative Assessment	Positive Assessment
“Ecowatch....is not being implemented as according to the DAO” - <i>EMB Water Quality Division officer</i>	“Yes, the program is achieving its objectives.” <i>Region 8 Ecowatch Coordinator</i>
“Purpose of Ecowatch is no longer being pursued... Rating is selective” - <i>NCR Ecowatch Coordinator</i>	“Company is encouraged to do better not to pollute” – <i>Region 11 Ecowatch Coordinator</i>
“The present rating system...you cannot really defend it... there are a lot of gray areas, the guidelines are unclear and need to be refined or cleaned up” - <i>Head, Ecowatch Secretariat</i>	“Rating is good for companies” – <i>Region 10 Ecowatch Coordinator</i>
“...it is a good program if it will be implemented properly. The law is good, the problem is enforcement” - <i>Ecowatch Secretariat</i>	“...performance rating results of the firms can motivate them to take necessary action for compliance and improve their effluents and emissions” – <i>Region 9 Ecowatch Coordinator</i>
“Implementation is haphazard” - <i>Region 6 Ecowatch Coordinator</i>	“This program is effective...level of compliance increases” – <i>Reg 3 Ecowatch Coordinator</i>

From Table 7, it can be seen that responses ranged from negative assessments: citing haphazard implementation, unclear guidelines, noncompliance with objectives and lack of enforcement; to positive reports of: effectiveness of the program, benefits for rated industries, positive accounts with some claiming that the program is achieving its objectives. It is interesting to find out the reasons for this variance in opinion and the study will attempt to explore this in later portions of this chapter. What should be noted at this point is the difficulty in determining which of the assessments above are accurate and is in fact a dilemma

commonly encountered in any type of policy assessments for success or failure. This highlights the point of Bovens as cited in Marsh and McConnell (2010) that different groups do tend to perceive policy success differently and that interpretations would reflect power relations.

In literature, successful implementation is defined to be the ability to execute faithfully the goals and means present in the statutory mandate. Two kinds of program failure are described: 1) the failure to put the intended activities into operation (implementation failure) and 2) failure of activities to achieve desired outcomes (Suchman, as cited in Weiss 1998). Systematic evaluations of the functional performance of organizations are important because it is the only way by which it can be known if particular innovations actually lead to improved or better levels of performance (Lant Pritchett & de Weijer, 2010). In general, performance is usually measured in terms of input (activities) and output indicators (e.g. policies enacted, laws generated, workshops conducted) rather than outcomes--with the assumption that the outputs will lead to outcomes (ibid).

Acknowledging the challenges in having a unified interpretation of success or failure but nevertheless stressing the importance of evaluation, authors like Marsh and McConnell believe there is an objective way of undertaking such tasks. The heuristic framework they conceptualized established some criteria in order to so do systematically and is utilized in the analysis in this chapter.

5.2 Framework for Policy Success and Failure

Building up on work by Bovens et al., Marsh and McConnell (2010) organized and identified 3 dimensions of success: process, programmatic and political success. Process would pertain to how decisions are made. While not all policy-making processes are accomplished rationally, the legislative, constitutional or quasi-constitutional processes of production are said to be likely construed as policy success. Other measures for the process dimension would include innovation and influence. Programmatic success would pertain to the demonstration of outcomes and commonly occurs if the objectives of the policy are met. Several levels of the program can be specified: first, operational success which essentially looks at how well the policy has been operationalized and especially if it was undertaken according to the objectives as specified in the policy statement. Second set of indicators would include the impact or outcomes of the particular policy and the third would pertain to allocation of resources. Specifically, efficiency of resource use is tied with programmatic success. The last dimension of success identified by Marsh and McConnell is political success—looking into how well the policy was able to generate political support for

incumbents and or the parties they represent. Important points to consider would be if the policies were able to assist electoral prospects or overall governance of the project. The authors include this as a dimension because sometimes policies or programs are framed to be successful because of their political impact.

For this particular case study, the most relevant dimension would be at the programmatic level. In later chapters of this dissertation, it will be shown that the policy transfer process would be fairly successful but the main concern of the study is how well the program works. The main concern addressed in this section is the degree to which the program is in compliance with its policy objectives. Secondary objectives look into its contribution to administrative and environmental outcomes. The criteria and guide questions from Marsh and McConnell are adopted and indicators for analysis are drafted as shown in Table 8.

Table 8. Dimensions of Programmatic Success and Indicators for analysis of Ecowatch Program

Programmatic Success	Indicators (implementation activities)
Outcome:	Improved compliance
Did it achieve the intended outcomes?	Pollution Reduction beyond compliance
Resources	Scope and coverage of the program
Efficient use of resources?	
Operational:	Regular conduct of environmental performance ratings
Was it implemented as per objectives?	Conduct of public disclosures of the results of the environmental performance ratings
	Creating incentives for dischargers and or producers (awards, admin incentives)

Adapted from Marsh and McConnell (2010)

Three aspects of the program were assessed. Firstly, the outcomes of the program were monitored and analyzed. These were based on the policy objectives. As per the Departmental Administrative Order 2003-26 (DENR, 2003a), the program aims to generate a

number of outcomes: improved compliance with environmental standards, voluntary self-regulation, improved environmental performance and pollution reduction beyond compliance. Data availability limits the analysis to changes in the environmental performance and status of compliance with environmental standards of the companies included in the scope of the Ecowatch program.

Secondly, the study looks at the operational level to determine if the program was implemented as per its objectives. The objectives of the program were culled from DAO 2003-26, which is the version of the policy guiding the current implementation of Ecowatch. This legal document indicates that the objectives of Ecowatch are:

- a) *To promote mandatory self-monitoring and compliance with environmental standards and to encourage voluntary self-regulation among establishments for improved environmental performance by*
 - *Encouraging pollution reduction beyond compliance through public recognition and praise*
 - *Creating incentives for dischargers and or producers*
- b) *To build or enhance the capability of establishments and or their associations on self-regulation in*
 - *Developing internal environmental management systems*
 - *Promoting the use of international environmental standards such as the ISO 14000series.*

Based on the above policy statements and elsewhere in the DAO, implementation activities to achieve the objectives were identified: 1) Conduct of evaluation and ratings of the environmental performance of companies 2) disclosures to the public about the results of the environmental performance ratings, and 3) creation of incentives for dischargers and polluters. These three indicators are used as the analytic elements to determine the operational success of the programs.

Thirdly, the study attempted to identify the efficient use of resources. A cost-effectiveness analysis would have been very enlightening, however it is to be noted that the Ecowatch Secretariat failed to provide information requested pertaining to the costs and expenses for the program. As an alternative, the scope and coverage were utilized instead as well as projections of the number of resources needed to operationalize the program to determine the level of efficiency.

5.3 Evaluation of Programmatic Success of Ecowatch

5.3.1 Assessing Outcomes of Ecowatch

As stated in the previous section, after the DAO for Ecowatch was enacted in 1998, the program became inert and was only revived in 2003. However it was only from 2005 that performance ratings were undertaken at the national level.

5.3.1.1 Ecowatch Rating Results

Table 9 shows the results of the color-coded ratings as generated and compiled from various accomplishments reports of the DENR EMB and from the Ecowatch Secretariat Database.

Table 9. Industrial Ecowatch Rating Results for the period 2005 to 2012

Rating	2005	2006	2007	2008	2009	2010	2011	2012
GOLD				3		8	2	1
SILVER (Excellent)		4	8	15	19	29	11	11
GREEN (Very good)	9	14	23	36	24	31	17	10
BLUE (Good)	57	41	44	58	29	55	67	54
RED (Bad)	20	17	15	16	48	53	12	16
BLACK (Very Bad)	14	5	24	17	16	22	30	14
Underassessment			5					
Total no. of firms rated	108	81	119	145	136	198	139	106

Sources: Data generated for 2005 from EMB National Water Quality Report 2005; 2006 from EMB Annual Accomplishment Report CY 2006; data for 2007 -2012 from Ecowatch Secretariat Database

The data in the table shows the results of ratings for various firms around the country. While performance rating results in the form of number of industries rated a particular color, were obtained for the period 2005 and 2006 from the EMB National Water Quality Report 2005 and EMB Annual Accomplishment Report CY 2006 respectively, no detailed database (firm-level ratings and evaluations) were found for this 2-year period, therefore this period is

omitted from analysis in the next sections of this research. The Ecowatch secretariat only has full and detailed dataset to include the names of the companies, their industry sector and ratings, covering the 6-year period from 2007 to 2012.

In 2006, a total of 119 industries were included in the Ecowatch program covering all the regions administratively regulated by the DENR EMB. These 119 companies are being consistently rated and monitored up to the present. However from 2007 onwards, additional companies were added by some regions, which explain the increase in the total number of companies rated as shown in Table 9. For 2012, some regional offices were not able to submit their ratings to the Secretariat so these were not included in the total count, hence the decrease in the total number of rated companies.

This table does not track the changes in the behavior of particular establishments—it only shows the number of companies garnering a particular color rating and its utility for analysis is limited.

5.3.1.2 Monitoring Changes in Environmental Performance

At this time, it is difficult to establish environmental outcomes brought about by Ecowatch due to lack of data and availability of environmental indicators such as BOD discharges and pollution load. In order to determine effectiveness of Ecowatch in influencing the behavior of businesses regarding compliance to environmental regulations, the research turned to the data on environmental performance of companies by tracking and monitoring their changes in behavior (through the color ratings) over time as a proxy. The study utilized 2007 as the baseline year and tracked the changes in environmental performance of the 114 companies included in that period⁸. While ratings were available until 2012, the rating results of some of regional offices were not compiled in the database and the most complete database was up until 2010 only so for a clearer picture of the changes, the rating for 2010 is used in comparison with the base line year of 2007.

Table 10 tracks the number of companies per color category and their movement from one category in 2007 to another in 2010. The number of companies who did not have follow up monitoring or who eventually closed were also monitored and noted. The second leftmost

⁸ The total number of companies included in 2007 were actually 119, but 5 of the 119 were initially under assessed. Since the original ratings for the unassessed companies were unknown, there was no way of determining if these companies improved or deteriorated and hence they were excluded from the analysis in this section

column of Table 10 shows the total number of companies rated in 2007 per color category. The rest of the columns indicate the final rating or status of the companies achieved in 2010.

Table 10. Monitoring of Changes in Environmental Rating of 114 Companies (initial ratings in 2007 vs final ratings in 2010)

2007 rating		Rating in 2010						
		Closed	BLACK	RED	BLUE	GREEN	SILVER	GOLD
Total								No follow up
Black	24	1	6	3	7	1		6
RED	15	1	2	8	3	1		
BLUE	44		1	5	18	11	5	4
GREEN	23		2	4	3	12	1	1
SILVER	8			1			3	4
Total		2	12	23	32	25	9	4

Source: Ecowatch Rating Database 2007 to 2012

From Table 10, there were initially 24 companies rated BLACK in 2007 and one of them was monitored to be closed by the year 2010, 6 companies remained BLACK, 3 companies became RED while 7 companies moved up to BLUE. One of the BLACK rated companies actually earned a GREEN status by 2010 while 6 companies did not have any follow up monitoring or were unassessed. No reasons were provided for the non-assessment of the 6 companies, 5 of which came from Region 11 and 1 from Region 6. A number of the RED companies retained their status with 2 companies declining to BLACK but with 3 companies progressing to BLUE and 1 to GREEN. A trend for improvement can be seen for the BLUE, GREEN and SILVER companies with 4 companies actually making it to the highest rating GOLD in 2010.

Trends for improvement or decline may be better observed through Table 11, which provides another way of presenting the changes in the environmental performance of the companies under Ecowatch. Here, the number of companies that improved or deteriorated are tabulated

per color category as well as the number of companies that maintained their color ratings, ceased to operate or were not monitored.

Table 11. Trends for Improvement or Decline of Environmental Performance for 114 rated companies (initial ratings in 2007 to final ratings in 2010)

	% Improvement			% Deteriorated			% Maintained	% Closed	% No follow up
	1 step	2 steps	3 steps	1 step	2 steps	3 steps			
Black	3	7	1				6	1	6
Red	3	1		2			8	1	
Blue	11	5		5	1		18		4
Green	1			3	4	2	12		1
Silver	4					1	3		
Total #	22	13	1	10	5	3	47	2	11
%	32%			16%			41%	2%	10%

The table shows that 32% of the companies monitored in 2007 improved their ratings by 2010 with 11% moving up by 2 levels and 1% moving up by three levels (from BLACK to GREEN). More than half of those that improved were already compliant companies starting from BLUE. Meanwhile, 16% of the company ratings were found to decline, with at least 4% declining by 2 levels and 3% declining by three levels. It is to be noted though that 41% of the companies maintained their color ratings, with more than half at the compliant level (from BLUE TO SILVER). And of the compliant companies, 16% of the ratings were found to deteriorate.

The dataset for the 114 companies monitored from 2007 to 2010 suggest that there were limited changes in terms of environmental performance. Most of the companies monitored maintained their color ratings and though improvement was observed for almost one-third of the companies, there were also 16% whose ratings declined. What is to be noted is that there were also 10% of the companies who did not have any follow up rating, with 6 of these companies BLACK-rated which meant that they were not in compliance and their behavior was not known. As a compliance monitoring mechanism of the EMB, it would have been important to follow through on the monitoring most especially for the BLACK firms who are believed to be in violation of the water discharge standards and as such are major pollutants to the environment.

5.3.1.3 Monitoring Status of Compliance

The goal of the Ecowatch program was to increase compliance to environmental standards and the changes in the status of compliance were monitored for the program. Table 14 below shows the movement between non-compliance (BLACK and RED) and non-compliance (BLUE, GREEN, SILVER or GOLD).

Table 12. Monitoring Changes in Compliance Status of 114 companies rated in 2007 to their final ratings from 2010

Change in status	Number	Percentage
Noncompliant to compliant status	12	11%
Compliant status maintained	57	50%
Non-compliant status maintained	19	17%
Compliant to noncompliant	13	11%
Non-compliant no follow up	6	5%
Compliant status no follow up	5	4%
Closed	2	2%
Total	114	100%

Looking at the changes in the status of compliance, it can be seen that only 11% moved from non-compliance to compliance status and this was counteracted by a similar percentage moving from a compliant to non-compliant status by 2010. About fifty percent of the companies maintained their compliant status, while 17% maintained their noncompliant status. In actual numbers, in 2007 there were 39 firms with noncompliant status and after three years, this translated into 37 firms. With regard to compliant status, there were 75 firms out of 114 who were compliant status with the number of decreasing to 70 in 2010. It is to be noted that there were 11 firms (or 9%) with no follow up monitoring so this could explain the discrepancy. This particular analysis implies minimal improvement from non-compliance to compliance.

The performance analysis observes that BLUE and GREEN rated companies do tend to improve performance and implies that the ratings may have an impact on getting them to move beyond compliance. This is usually the ones referred to by regional implementors when they claim the program has an impact:

“For GREEN, they improve the performance so (the program) helps. In our experience, but for BLUE, they remained BLUE for 5 years. They maintained but do not improve, unlike the GREEN that move up, not more than half. But the other half, the companies really spend and put effort to improve” Region 4A

“If their rating increases, it is just a blue chip—just bragging rights for them” – Region 4B

As had been explained in the previous sections, the mechanism for the Ecowatch strategy to work was reputation or threat of disclosure of the information regarding environmental performance. But since this was not being undertaken it is difficult to claim that Ecowatch drove the improvement in compliance. In fact, some regional implementors claim that regulatory processes are in place and it was the pollution cases and other regulatory sanctions that prompt the companies to comply as evidenced from the following statements:

“The reason for closure of some companies—for example BLACK ratees, are because they have existing PAB cases—and not so much due to Ecowatch.” Region 4A

“No impact on black rated companies as they are not forced to close” – Region 10

“Improvement – in 2011, one company couldn’t pass because they did not have flow meter. The company improved and eventually passed. Also for some who submitted SMR late, it was a point against them so after that they submitted SMRs on time so they can get highest rating. But there are others who do not care—so these are the ones we endorse to the PAB, the ones who are hard headed” – Region 11

5.3.2 Assessing resource efficiency--Scope and Coverage of the Program

This study takes a look at the scope and coverage of Ecowatch in order to determine the level of efficiency of the use of resources for the program. Ecowatch initially identified the scope of implementation to cover only 4 priority sectors for water quality. But the procedural manual for Ecowatch maps out a plan for an increase in the sector coverage of Ecowatch—the

minimum benchmark targeted was 1 additional sector per year in each region. Furthermore, the manual also provides for an increase in the scope of the coverage of the program by indicating a minimum increase of at least 5% every year of the number of firms included in the program (DENR EMB, 2003a). The Ecowatch database showed that additional industrial sectors have been included and as of 2012, the priority sectors number to 23 already and the database now covers approximately 250 companies⁹.

Table 13 shows the number of industries included in the program versus the number of registered industries for the year 2009. From the data, it can be seen that in 2009, twenty-three industrial sectors comprising of 199 firms were monitored under Ecowatch. The table below indicates that the percentage of Ecowatch rated industries comprise only 8% of the 2,583 industries in these sectors registered and regulated by the EMB. The initial list of priority sectors released in 2003 was actually limited to only 4 priority sectors nationwide: sugar central/refinery plants, pulp and paper plants, beverage plants and cement plants with additional sectors included over the years. Focusing on the initial 4 priority sectors, which may be assumed to be the most water pollutive sectors the data would indicate that only 72% of these were monitored in practice.

⁹ Not all these companies have color ratings as some of them have been closed, not consistently monitored or changed business operations.

Table 13. Number of Industries Monitored under Ecowatch vs. registered industries for 2009

Industry Sector	No. of firms rated by Ecowatch	No. of Firms Monitored by EMB	%
1. Alcohol Distillery and Manufacturing	4	10	40
2. Beverage	39	51	76
3. Canning	14	29	48
4. Carrageenan	5	14	36
5. Cement	5	13	38
6. Chemical Mfg.	1	20	5
7. Desiccated Coconut Mfg.	5	11	45
8. Dressing	8	87	9
9. Electronics & Semi-conductor	11	46	24
10. Food	33	295	11
11. Glass Container	1	3	33
12. Glycerine & Polymer	1	3	33
13. Malls & Commercial Establishment	9	241	4
14. Metal Container Plant	1	19	5
15. Oil Mill	10	43	23
16. Oleo Chemicals	1	4	25
17. Piggery	1	1040	0
18. Power Generation	3	102	3
19. Plywood Mfg.	1	35	3
20. Pulp & Paper	14	26	54
21. Resort	3	460	1
22. Sugar	28	30	93
23. Yeast	1	1	100
TOTAL	199	2583	8%

Source: Raw data from DENR Ecowatch Secretariat, for Year 2009 only. Note: the grey-shaded portions indicate the 4 priority sectors initially identified by the program.

The DENR EMB has acknowledged the impossibility of rating and monitoring all the industries under their jurisdiction due to the resource limitations. While for some regions, it is fairly easy to include all of the firms identified in the priority sectors due to the small number

of these firms in their area. This holds true for Regions 1, 2, 5, 6, 8, 10, 11 but the rest of the regional offices cover industrialized cities and areas and are forced to select only a limited number to be included in the program due to resource limitations. These regional offices would often focus only on the large companies instead (those with large water pollution discharges) and the ones with available data for convenience. Furthermore, a couple of the regional coordinators actually admitted in interviews that they only chose those who they think can pass as it is difficult for them to give a negative rating.

The data presented here indicates that the scope of the program is but a tiny portion of the mandated scope for regulation of the EMB. Even looking at the coverage of ratings for only 4 priority sectors initially identified revealed that not all of the companies within these given sectors are included in the Ecowatch program with the maximum coverage per sector at 93% (for Sugar industries) while the minimum coverage is at 38% (for Cement industries). Considering that this program has been established and running for more than 10 years since its pilot inception, it seems that it was not able to scale up and go beyond its pilot's expectations.

This study actually attempted to determine the cost estimates of running the program. Work and financial plans submitted by the regions do include budgetary items for Ecowatch activities but these have been limited to inspection costs only (pegged at Php 2,600 or less than USD60 per company inspection) and are admittedly quite minimal compared to the agency's budget. But the rest of the activities for the program are incorporated or lost under the budget for Water Quality Management of the EMB.

Based on feedback from interviews with the Ecowatch Secretariat, this study attempted to reconstruct the activities and budget line items for the program (See Box 1). Unfortunately, the cost estimates for the line items and the operational expenses and financial budget of the Ecowatch Secretariat were not obtained despite efforts of requests. Nevertheless, the list of activities and budget lines indicate significant costs especially inspection, monitoring and validation visits, database management and coordination activities.

Box 1. Programmatic Activities and budget line items description for the Ecowatch Program

Programmatic Activities and budget line items description for the Ecowatch Program:

- a. Ecowatch Secretariat operations – five personnel with 2 full time staff (with plantilla positions)
- b. Communications cost and Coordination Costs – central office and Ecowatch Secretariat to 15 Regional offices of DENR EMB.
- c. Technical Evaluation Committee meetings – undertaken almost twice a month
- d. Development of reports
- e. Database management
- f. Validation and monitoring visits of the Technical Evaluation Committee –this involves local/regional travel good for 2-3 days and site visits/inspections which is said to be a significant cost (includes cost for airfare, hotel and accommodations, allowance for inspectors and actual site inspections and meetings)
- g. Workshops and meetings
- h. Data analysis
- i. Laboratory analysis and reports
- j. Awarding ceremonies –if undertaken and depending on the type of ceremonies, it can be significant
- k. Media Disclosures

In the literature, one of the attractions for adoption of information disclosure strategies in environmental regulation is their purported low cost of operationalization—these are said to avoid costs associated with conventional regulation. However, authors such as Dasgupta, Wheeler and Wang (2007) have argued that the information requirements of a serious public disclosure program are quite similar to requirements for effective conventional regulatory programs and possibly a bit more so if it is to maintain functions similar to an information agency. This requires strict attention to monitoring, data entry, data analysis and accurate reporting to the companies as well as the public. So the cost would almost be the same (if not more) as for a conventional regulatory function. The analysis in this section indicates that this may be the case for Ecowatch although it has not been articulated explicitly in financial and cost terms. And especially considering the fact that the scope and coverage is quite minimal, and the overall expected changes in environmental performance were not achieved, this study finds the program inefficient with regard to the use of resources versus its outputs and outcomes.

5.3.3 Assessing Operational Success: Was it implemented as per objectives?

There are a number of mechanisms by which any given disclosure program may work in order to generate improved environmental performance. Tietenberg (1995) lists about 7 channels of pressure to include markets, stocks/investors, internal pressures from the company, communities, and judicial system to name a few. These mechanisms are discussed in more detail in Chapter 9 of this dissertation.

While the policy statements have not fully articulated the logic and theory behind the policy, the Ecowatch program is premised on the use public disclosure of environmental information in order to pressure companies to comply with government standards (REECS, 2003). In fact, Ecowatch is consistently referred to as a public disclosure program in all of the official documents, reports, and presentations. So it is this mechanism that is investigated in this study.

At this point, program logic models (Weiss, 1998) are turned to in order to aid further analysis. This would help to determine if implementation processes or actual procedures are in consonance with the stated and targeted goals or if they were aimed at different courses of action. The purpose of constructing or reconstructing the program logic is to be able to look at the objectives of the program and its underlying assumptions and logic or mechanisms for change. By doing so, it is possible to compare observed outcomes to theoretically predicted outcomes and to analyze the points of match or mismatch.

Adapting the program logic and information flow analysis undertaken by the author in a previous study on the Laguna de Bay Region Public Disclosure Program (Lambino 2013a), the program and implementation logic of Ecowatch was reconstructed by the author based on the objectives as stated in the DAO, document reviews and interviews. Figure 11 traces the actual activities and steps undertaken by the program (first column) and the theoretical responses to the activities and assumptions about the mechanisms that will enable the program to reach its desired goals (second column). Program implementers in general assume that when certain activities are conducted, then the outcomes it hopes for will be achieved. It is to be noted that logic models show that several outcomes in step-wise function before the main desired outcome is achieved.

For the case of Ecowatch, some intermediate outcomes are assumed: for example that companies are sensitive about their reputation and would react rationally to information that will enhance or damage their brand or company images; and that the ratings and the threat of disclosure will reach the intended users of information. From the literature and document survey of various documents pertaining to the program, there are two possible ways in which the disclosures are hypothesized to function: firstly, that the strategy of honoring and shaming will generate positive action from companies and secondly that pressure from external agents such as local communities, NGOs, clients, finance institutions will motivate companies to improve performance.

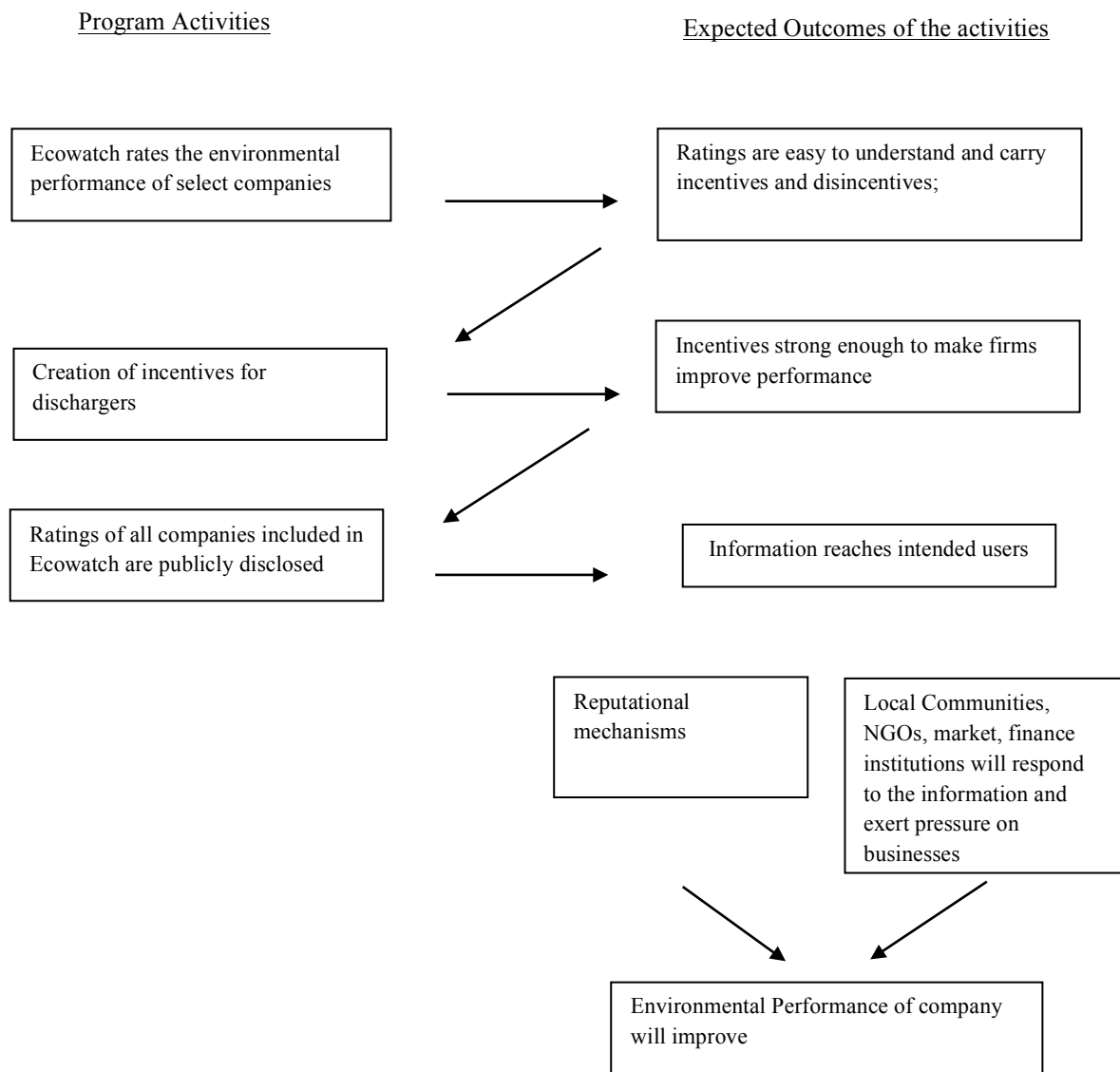


Figure 11. Program and Implementation Logic reconstructed for Ecowatch

Adapted from Lambino 2013a

The Ecowatch Program is supposed to work on the principle of public shame (for firms evaluated as polluters) as well as honor (for firms evaluated to be more than compliant). Information flows are thus very important. In order to work, information must be widely disseminated to activate reputational mechanisms and must reach the intended “users” such as consumers, markets, investors who can extend external pressure. The flow of information to the companies themselves is also important as internal learning have been cited in empirical studies as a mechanism leading to improved environmental performance. These aspects are also subsequently analyzed.

In determining operational success, the implementation activities (left-hand side of the program logic) pertaining to the conduct of performance ratings, creation of incentives and disincentives and disclosure are scrutinized as well as the responses observed for the program.

5.3.3.1 Conduct of Performance ratings

An environmental performance rating and disclosure program makes use of two components: a performance rating component and a public disclosure component. Since 2004, the regional offices of the DENR EMB have been routinely undertaking ratings of environmental performance for the companies in their respective regions and the results are presented in the previous section. Section 4 of DAO 2003-26 indicates prioritization of sectors and effluent criteria. A subsequent Memorandum Circular 2003-006 from the EMB Director specifies the priority sectors for national implementation to cover sugar central/refinery plants, beverages plants, pulp and paper plants and cement plants. For some regional offices, additional sectors were pre-selected. For example, for the National Capital Region and Laguna Lake Development Authority, the meat and fish processing plants, Soft drinks, soy sauce and condiments manufacturing plants and mall/commercial establishments were included. Specific for Region 7 were soft drinks manufacturing, chicken dressing plants and beer manufacturing while for Region 11 were the sectors for soft drinks manufacturing, food processing and dressing plants.

In general, regional offices complied with the DAO and routinely rated companies of the priority sectors covered in their region. These ratings were submitted to the Ecowatch Secretariat for integration and consolidation.

5.3.3.2 Creation of Incentives

Administrative incentives

The program also aimed to provide administrative incentives to compliant firms through extended life of discharge permits and lesser frequency for submission of self-monitoring reports. These incentives were premised on the principle that less monitoring will be required for firms with good environmental performance.

GREEN, SILVER and GOLD-rated companies were allowed to submit SMRs on an annual rather than quarterly basis. Instead of requiring other documentation for permit renewal, these SMRs can serve as the basis for permit renewal and will be effective for 2, 3 and give

consecutive years, respectively. This study has found that these administrative incentives have been provided satisfactorily at the regional level.

Public recognition and praise may also be activated through the conduct of awarding ceremonies. To date, no awarding ceremonies have been undertaken specifically for Ecowatch at the National level. Instead, the Green, Silver and Gold ratees under Ecowatch are said to become candidates for the PEPP, Philippine Environmental Partnership Program (PEPP), a parallel program undertaken by the DENR EMB. This program aims to support industry self-regulation for improved environmental performance and provides incentives and package mechanism for industries. Under Track 1 of this program, a DENR Seal of Approval is awarded to exemplary companies. To date, a total of twelve Ecowatch ratees have been monitored to be under Track 1 of the DENR PEPP and having obtained the DENR Seal of Approval during the period 2009 to 2012. This comprises 21% of the total number of awardees under the PEPP program. Table 14 lists the Ecowatch-rated companies who were provided additional incentives through inclusion in the PEPP.

Table 14. List of companies rated under Ecowatch with additional incentives under the PEPP program

Name of Company	Ecowatch award	Year of PEPP Award
Absolut Distillers Inc. (Reg 4A)	Blue 2007, Green 2008-2009, Silver 2010	2009
Texas Instruments Philippines	Green 2008-2010, black 2011	2010
Coca-cola Bottlers Phil, Ilagan Plant, Reg II	Green, silver, green, silver, silver 2011	2010
United Pulp and Paper Reg III	Green, green, silver, silver 2010	2010
Kraft Foods Philippines	Blue 2007, blue 2009, green-2010-11, silver 2012	2010
Alliance Select Food Foods Intl	Blue 2008, green, 2009-2012	2011
Coca-cola Bottlers Phil – Gen Santos	Blue, green, green, blue, green	2011
Coca cola Bottlers Phil Inc, Isabela	Green, silver, green, silver, silver, silver	2012

Coca cola Bottlers Phil Inc, Ilocos Norte	Green, green, green, silver, silver, silver	2012
Coca cola Bottlers Phil Inc, Isabela La Union	Blue, green, green, silver, silver, silver	2012
Coca cola Bottlers Phil Inc, Isabela Pangasinan	Green, silver, silver, silver, silver	2012
Holcim Philippines, Inc	Blue green, green, silver, no rating , no rating	2012

Source: DENR PEPP website, Ecowatch Database

Actual disincentives are not specified under Ecowatch for the BLACK and RED companies as reputational sanctions are assumed to be generated through public disclosures. Furthermore, the traditional regulatory functions of the DENR EMB continue to be functional. For instance, administrative sanctions are applied for BLACK and RED ratees—notices of violations are provided and in some cases, filing of cases in the Pollution Adjudication Board is being undertaken.

5.3.3.3 Conduct of Public Disclosures

The second main component for the Ecowatch program is the disclosure of the rating results to the public. In fact, the main premise of this policy is that public pressure and reputational sanctions will spur the companies to improve their compliance and environmental performance. As such information flows are deemed very important to program effectiveness and an analysis similar to the one undertaken for LLDA's Public Disclosure Program is utilized (Lambino, 2013a). Access to information would be important if external actors are to be empowered or if shaming and honoring were to occur. Therefore the extent and reach of information was also investigated.

Based on information about the dissemination platforms utilized by the program and feedback from the interviews and document reports, the information flows for Ecowatch are presented in Figure 12. The study makes use of this figure as a means to analyze the effectiveness of the implementation platforms currently utilized by Ecowatch. It shows clearly that information about the rating results primarily emanates from the DENR EMB. Here, it is observed that the regulatory authority acts as a “facilitator” and provider of information flows to the companies and to the public in general. Based on the DAO, the information is provided by DENR through three possible implementation platforms: information to the public and the companies are transmitted via 1) public recognition events or awarding ceremonies and 2) media disclosures, while information direct to the rated companies are transmitted through 3) notification letters. The public in turn is premised to provide feedback to the rated companies

through reputational mechanisms—e.g. the media can honor the good performers and clients and the market can patronize products of environmentally-friendly products while for bad performers, the feedback can come in the form of shaming by the media and complaints from the local communities.

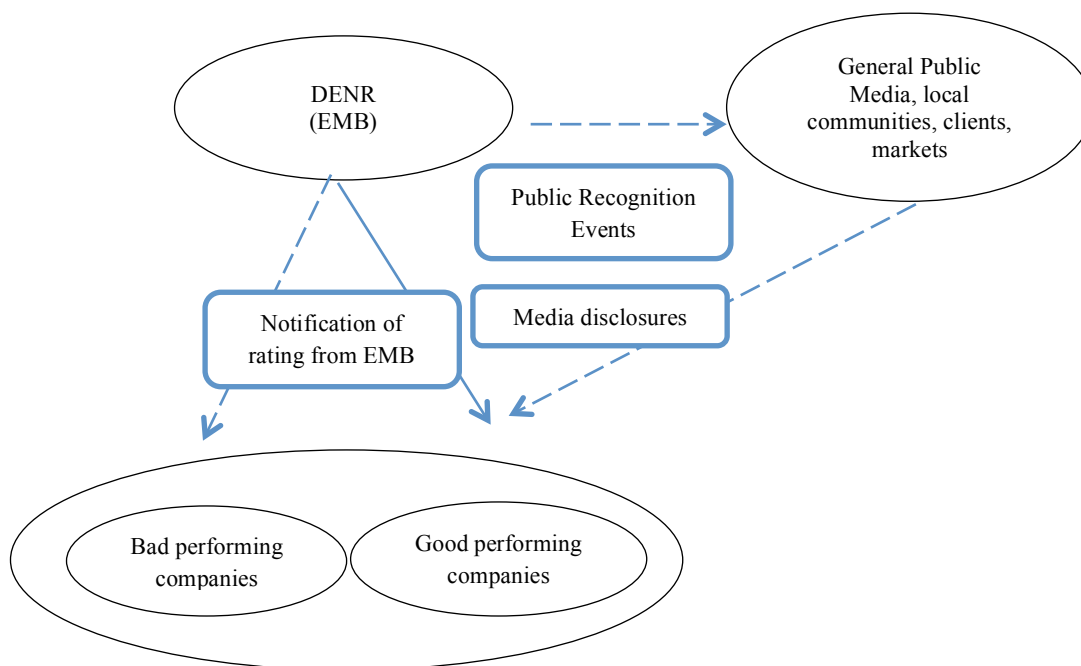


Figure 12. Information flows for the Ecowatch Program

Adapted from Lambino 2013a

At this point, the conduct of the actual activities is assessed. A closer look at the three platforms for information disclosure will provide clues as to the extent by which information is being transmitted as well as whether it did what it intended to do. A number of questions are addressed to determine effectiveness at the implementation level. For example, who gets to receive the information from the activities conducted by the program? How strong is the flow of information from these activities? Are they bringing about the purported pressures for changing the behavior of companies?

Media disclosures

DAO 2003-26 states that disclosures of the Ecowatch rating results will be undertaken once a year, with disclosures for positive ratings undertaken at least 2 weeks ahead of disclosure for

RED and BLACK firms. The procedural manual is even more specific and states that publication in at least 2 newspapers with national circulation and 1 regional/local circulation should be targeted for maximum media mileage. Press conferences and other media activities such as awarding ceremonies may be scheduled as well.

An initial online search to track and monitor the extent of media coverage for Ecowatch undertaken by the author in previous research yielded negative results. Document reviews and interviews with implementers confirmed that while performance ratings were routinely conducted, media disclosures have not been undertaken by the EMB. There was only 1 instance when these results were made public through an announcement in a press event and newspaper release—it was only in April 2005 when a national broadsheet, the Philippine Star reported that the then DENR Secretary, Michael Defensor disclosed the names of the most pollutive (rated BLACK and RED) firms during the Earth Day Celebration. However this disclosure was considered a “mistake” by the EMB in the sense that these results were not officially provided by the DENR EMB as part of the Industrial Ecowatch. Apparently, a very active NGO, Sagip Pasig Movement was able to access the results of the ratings through the Pollution Adjudication Board, which they then provided to the DENR Secretary for public announcement during an Earth Day celebration event April 22nd, 2005. This disclosure was said to generate some backlashes to the DENR. Some of the non-compliant companies whose names and performance were disclosed threatened to file cases against the DENR for the disclosure. They argued that litigation of their cases were already on-going with the Pollution Adjudication Board and that they did not need to be litigated publicly as well. The EMB responded to these complaints and threats by claiming that they did not authorize the release of the information. Since that time, DENR EMB has not authorized, released and made public the results of the rating scheme under the Industrial Ecowatch Program (Ecowatch Secretariat, interviews, 2009).

Public Recognition Events (Awarding Ceremonies)

No public recognition events or awarding ceremonies have been undertaken for the Ecowatch good performers at the national level. However, several regional offices have taken the initiative to organize their own public recognition events. Awarding ceremonies have been conducted in 3 out of the 16 administrative regions of DENR: Regions 3, 11 and 12. In terms of scale and duration, Region 3 was the most organized—the public recognition event ran for 3-4 years before the region stopped the practice. Some issues that led to the activity being stopped were that it was becoming expensive and the companies have started to complain because the costs for the ceremony were being charged per participant from the companies.

Table 15 shows the public recognition events organized by 3 regional offices of the EMB and the number of awards they conferred.

Table 15. Public Recognition Events for Ecowatch Ratees organized by DENR Regional Offices

DENR EMB Regional office	Year Awarding Ceremonies were conducted	Awards
Region 3	2007, 2008, 2009, 2010	Silver – UPPC – news website
Region 11	June 2011 (Environment Month)	2 Gold - San Miguel Corp. (Davao Brewery), Coca-Cola Bottlers Phils., Inc. 1 Silver - Franklin Baker Co., of the Phils.
Region 12	June 2011 (Environment Month)	4 Green - awards 4 Blue – plaque

Source: DENR EMB website, reports and interviews

Anecdotal reports from the Regional Coordinator of Region 3 indicate that these awards are appreciated by the companies and are great incentives for them especially to their employees and staff. The coordinator relates that *“Some companies if they receive an award, they provide incentive to their people. If they get a GOLD rating, the employees receive a bonus. So some employees ask the regional office, ‘Why is there no awarding this year? We want the awarding ceremony so that the staff can have additional incentive’”*.

Notification of color ratings

The procedural manual furthermore specifies that upon completion of the rating exercise, the regional offices should inform the rated firms about the results prior through a letter prior to finalization of the rating for disclosure. This was supposed to be undertaken by the regional offices after the ratings were undertaken. Responses to interviews and questionnaires revealed however that only 7 of the 14 regional offices interviewed advise the companies about their ratings. The rest claim that it was up to the central office (through the Ecowatch Secretariat) to send the letters and inform the companies. However, central office only sends

the ratings if validation visits are conducted. It was only in 2010 that validation visits were conducted. In fact two of the 7 regional offices that initially sent letters of company ratings have stopped this practice from year 2011. One of these regional officers claimed: “ *we were instructed not to send ratings to industries since they (central office in Manila) will be the ones to send, with copies furnished to the region*” (interviews, Region 11 Ecowatch coordinator).

Furthermore, it was found out that while the Ecowatch secretariat have taken on the responsibility of sending the ratings to the companies and have undertaken it, due to the changing mind-set within the bureau about negative disclosures, even the sending of letters to black and red-rated companies have been stopped. Regional officers are quick to claim though that the noncompliant companies are aware of their ratings because they are being called for technical conferences, issued notices of violation or as in the case of Region 3 are given other verbal warnings: “*Your company is red, watch out during awarding ceremonies*”. In actuality, some (if not all) negatively rated companies are not officially informed about their Ecowatch ratings.

Discussion

Analysis of the information dissemination platforms utilized by the program indicate that information flows were severely limited if not non-existent. No information flow about the performance ratings was reaching the public sphere because there were no publication or dissemination through any mass or social media. This meant that consumers, investors, communities or any of the business stakeholders do not have information by which they can act upon.¹⁰ Information flows through awarding ceremonies were also weak as only a few regions undertake such activities and this practice has not even been institutionalized. Even the information flows to the rated companies were limited. Good performing companies (BLUE, GREEN, SILVER and GOLD) receive the information about their rating directly from DENR through the letters of notification sent by the Ecowatch Secretariat. However, there is limited information flow to Bad performers (BLACK and RED-rated companies) as they barely receive information from the program since letters about their ratings are not even

¹⁰ While a handful of GREEN, SILVER and GOLD awardees have actually published in their websites and newsletters about the color rating they received through Ecowatch, these are limited to a few companies already, who often have received other awards from various institutions for their environmental efforts.

regularly sent to them. The recent practice of only disseminating positive results meant that negatively rated performers do not receive information about their ratings at all.

Considering that rating results have not been publicized and the flow of information to the regulated companies is weak and not to mention inconsistent, the operationalization of the informational strategy of this particular policy instrument is questionable. This is an important point to consider especially that the program is being framed and interpreted as a disclosure and informational strategy.

There has been an ongoing debate within the EMB about public disclosures especially negative ones that involve naming and shaming. This has been documented during an Ecowatch program evaluation in 2007 wherein the merits and demerits of disclosure were discussed within the Technical Evaluation Committee. A recent interview with one of the Technical Evaluation Committee members revealed that the current larger school of thought within the (TEC) EMB is that derogatory ratings are not healthy (*“they leave a bad taste in the mouth”*) and should not be publicly disclosed. Instead, the Technical Evaluation Committee opts to be more positive in approach and focuses only on disclosing the good performers. This observation is affirmed in the interviews with other members of the TEC as well as regional coordinators for the program.

This shift in mindset can also be observed in the interpretation of the word “disclosures”. For example in interviews with the Ecowatch Secretariat, when posed the question, *“How do you undertake disclosures of the ratings?”*, the response was *“We only do positive disclosures”*. Disclosure here is meant the release of information to the companies about the ratings and specifically through the sending of letters or notification directly to the company. This does not include any sort of publication of the results to the public.

But given that the Ecowatch program has been framed as an information-based program, the lack of neither disclosures nor weak information dissemination leads one to wonder how the ratings can possibly spur the companies to change their behavior. While no theoretical explanations have been presented by implementers to justify this practice of disclosing only directly to the companies involved, some empirical researches have shown that one way that PROPER was able to enhance environmental performance was through the information received by managers through the program which led to internal learning (Blackman et al., 2004; Lee, 2010). If company managers receive information about their performance, there is a possibility that disclosure aimed only at the regulated firms can still lead to the policy goal of improved compliance. However, while Blackman et al. find that information dissemination to polluters (to managers) is very important in generating emissions reductions

especially because firms have limited information about their own emissions and abatement opportunities, they stress the importance of external pressure: *“Therefore, simply supplying new information to plant managers without making that information public may not be sufficient to motivate significant abatement.”*

5.4 Chapter Summary

This chapter attempted to answer Research Question 1 by looking into the success (or failure) of the Ecowatch program. In utilizing the heuristic framework of Marsh and McConnell (2010), this study focused on the programmatic aspect and analyzed several dimensions of the program—its operationalization, outcomes and resource efficiency. Table 16 presents the summarized findings for this chapter.

Table 16. Summary of Findings for Evaluation of Programmatic Success of Ecowatch

Programmatic Success	Indicators (implementation activities)	Findings
Outcome: Did it achieve the intended outcomes?	Improved compliance Pollution Reduction beyond compliance	Limited impact Improvement of performance beyond compliance observed for some companies
Resources Efficient use of resources?	Scope and coverage of the program	Environmental outcomes difficult to determine Expanded beyond pilot level but scope and coverage still limited. Companies under Ecowatch only 8% of the total universe within the chosen and selected sectors
Operational: Was it implemented as per objectives?	Regular conduct of environmental performance ratings Conduct of public disclosures of the results of the environmental performance ratings Creating incentives for dischargers and or producers (awards, admin incentives)	Environmental performance ratings routinely undertaken for limited sectors In general, full public disclosures not undertaken. Color codes not widely publicized nor shared with firms Administrative incentives provided by the program

In looking at the determinants for programmatic success, the study finds that Ecowatch exhibits operational failure with a limited scope. It has not scaled up from the pilot phase and it has limited outcomes/impact. While in practice this program continues to be implemented and enforced, it has ceased to be a public disclosure strategy as originally conceptualized and is relegated to a performance ranking system. Based on the interviews and document reviews, this study finds that despite the fact that the program has been interpreted and framed as a disclosure program, in reality it does not serve any disclosure function at all. In the case of Ecowatch, the program in its current form is deemed dysfunctional and suffers from “operational or implementation failure” primarily because it fails to put the intended activities into operation, that is the failure to operate the public disclosure strategy as specified in the policy and the procedural manual. The program logic model shows that any of the mechanisms posited for the program to generate its targeted objectives are premised on strong information flows. The outcomes of the program cannot even be validated since the mechanism that was supposed to work is no longer valid and it is difficult to attribute any outcomes observed directly to the program.

At this point, the question arising from the difference in interpretation and perception of success posed at the start of this chapter is briefly addressed. To what can the difference in interpretation and perception be attributed? Yanow (1993), espouses an interpretative approach as another way of looking at implementation failure. He believes that agent interpretations might be different from the original intentions of the policy legislators and that multiple interpretations may facilitate or impede implementation. It is noted that for the case of Ecowatch, evaluation indicates that it failed to implement its policy mandate but yet some of the stakeholders or agents claim it as a success. On the one hand, respondents citing critical assessments come from the central office while most of the local and regional implementers tend to be more optimistic about the program. The difference in opinion can therefore be associated with division of labor or tasks assigned to particular groups of actors. The regional staff are tasked to undertake the ratings and the inspections. Most of the regional coordinators have complied with these assignments and have routinely performed their tasks. On the other hand, the task of disclosure and monitoring are placed upon the Ecowatch Secretariat or Technical Evaluation Committee based in the central office and they are much more conscious about their inability to undertake the disclosure activities as mandated by the policy. A couple of the regional staff interviewed expressed surprise when told that disclosures are not being undertaken. All they know is that they submit and it seems to have an impact on the ground.

This chapter has shown that Ecowatch exhibits dysfunctionality but yet continues to be implemented by the government agency. The next three chapters of this dissertation attempts to provide explanations for the dysfunction of the program while Chapter 9 explores why the program is maintained despite the dysfunction.

Chapter 6. Issues in Institutionalization: Fit and Coherence

This chapter attempts to answer Research Question 3 by looking into the challenges in institutionalization and operationalization of the program. It also provides one explanation for the dysfunction that has been observed. In this chapter, attention is spotlighted on the actual content and strategy. After all, successful policy changes and reforms ultimately will be contingent with respect to policy content (M. Andrews et al., 2010). It is posited that the challenges in meaningful institutionalization lay with the coherence and fit of the program with the context of application.

The Indonesian experience with EPRD was deemed a good example and a successful case. At the onset, the assessment of the possible “fit” of the EPRD program to the Philippine setting indicates that it was relevant. Following (Matt Andrews, 2012), a particular policy exemplar will be highly relevant to its adopted context if the two jurisdictions have many similarities. In the case of Indonesia and the Philippines, both governments have environmental regulatory agencies facing similar institutional difficulties with regard to enforcement, capacity and resources. They were also geographically near to each other (Rose, 1993) and have societies where the norms of honor and shame are high. As such, the EPRD that was developed and implemented in Indonesia were deemed highly relevant to the Philippines.

However, the dysfunction observed for Ecowatch indicates that the policy may not be a perfect fit in the Philippine context. It is possible that some factors that made it work in the Indonesian context were not present in the Philippine context. For this purpose, a closer look at the rating program in Indonesia and a comparison between the background contexts of the Philippines’ Ecowatch and Indonesia’s PROPER was found to be useful. Furthermore, the study analyzes how the fitting processes undertaken for the program considered three aspects of the institutional context: regulative contexts, socio-political contexts and culture-cognitive contexts.

6.1 Comparing Indonesia’s PROPER and Philippines’ Ecowatch

Table 17 shows a comparison of the PROPER program in Indonesia and the Ecowatch program in the Philippines. It can be seen that the program design which makes use of color-coded ratings of environmental performance of companies and publication of results are similar. The elements of the program of PROPER were basically followed by Ecowatch but policy makers claim that Ecowatch was not a mere cut and paste of PROPER. The table shows that indeed certain elements were modified. This included the name of the program,

the coding system, scope and coverage, as well as rating criteria (see Table 17). These differences are at the micro-level but the overall program design and structure are found to be similar. In fact, the technical consultants' report indicated that the two programs were similar at the conceptual level and that *“the Ecowatch system was or more or less equivalent to the Indonesian system in terms of the effort level required by industries to achieve a green rating”* (Afsah, Casilla, & Tanchuling, 1997).

Table 17. Comparison between Indonesia's PROPER and Philippines' Ecowatch

Elements of the Program	Indonesia's PROPER	Philippines' Ecowatch
Program design	Environmental performance ratings and public disclosure	Environmental performance ratings and public disclosure
Criteria used	Compliance with water quality standards	Compliance with water quality standards (BOD)
Basis for Effluent discharge	Load-based standards (may also use concentration-based standards for some cases)	Concentration-based standards
Effluent standards	Vary across industrial sectors	Uniform across industrial sectors (except for Biological Oxygen Demand)
Coverage of water and toxic pollution rating system		Water pollution
Codes for the rating system	5 color codes Black, Red, Blue, Green Gold	5 color codes initially, changed to 6* color codes in 2003 Black, Red, Blue, Green, Silver*, Gold
Disclosure Strategy	Press releases, media briefing	Press releases, media event

Source: compiled from Afsah, Casilla & Tanchuling, 1997

*a revised version of Ecowatch inserted a 6th category, SILVER to denote performance between GREEN and GOLD

Since Ecowatch follows the same template as PROPER, it is worthwhile to compare the contexts in which the policy was applied to determine if the factors that made the policy work in Indonesia were present in the Philippines.

6.2 Factors that made PROPER work

Indonesia's PROPER has been highly lauded for the innovativeness of the strategy. The idea behind using performance ratings and disclosure was quite simple but was found to be powerful in terms of generating outcomes. A number of studies have looked into the various factors as to why BAPEDAL was able to make this program work and function well. In particular, this study draws insight from two literatures: First, is from the discussion of Afsah, Blackman, Garcia, & Sterner (2013) who claim that the conception and success of PROPER can be traced to Indonesia's environmental institutional history. Their analysis of the institutional history of PROPER proves insightful and will be referred to in much of the analysis in later parts of this section. Second is the discussion of Michael Rock (2002) on how Indonesia was able to search for creative solutions to pollution issues. Rock tried to identify lessons from pollution control initiatives in East Asia similar to Afsah et al. He pinpoints 6 reasons why PROPER has worked so well in Indonesia: 1) simplicity, credibility and transparency of the rating system 2) use of widely accepted emission indicators/standards high-level political support for the program 3) riding on the track record of previous information programs 4) building up on the lessons from the success of PROKASIH 5) high level political support for the program and 6) networking and communications undertaken for stakeholders/information users. These reasons for the success of PROPER may be categorized into factors pertaining to the design of the program (factors 1 and 2), administrative capacity (factors 3 and 4) and the strategies undertaken by Indonesia's environmental agency to operationalize the policy (factors 5 and 6). These categorized factors are analyzed in detail from section 6.2.2 and compared with the scenario for the Philippine case.

6.2.1 Insights from the institutional history of PROPER

In the account of Afsah et al. (2013), the conceptualization of PROPER came about as a progression of various initiatives undertaken by Indonesia's environmental agency in its attempt to ameliorate environmental pollution spanning a period of almost 25 years.¹¹ It started with the scaling up of a program bestowing public recognition of clean cities in what has come to be known as the ADIPURA program, which was first implemented in 1986. This was aimed at motivating government officials specifically mayors to reduce litter and

¹¹ In the next section, most of the discussion is referenced from Afsah et al unless otherwise stated.

minimize solid waste in their respective areas. This has remained one of the most prominent environmental management initiatives of the Ministry of Environment with more than 400 cities annually vying for the award. A few years after, similar to Clean City award, the Clean River award or PROKASIH was designed. This program's objectives were two-fold: to motivate officials at the provincial level (governors) to implement environmental management initiatives and businesses to lessen pollution loads to the rivers. A study evaluating the outcome of PROKASIH indicated that it was successful in reducing water pollution. According to Afsah and his colleagues, The PROPER program actually was a logical extension of the ADIPURA and PROKASIH initiatives.

The authors of the institutional history of PROPER furthermore reflects that what prompted Indonesian regulators to become creative and innovative with regard to pollution control may be traced to the fact that environmental NGOs were intensifying their campaign against pollutive industries. In 1988, a consortium of NGOs called the Indonesian Environmental Forum (WALHI) sued a pulp and paper company. While it did not win the lawsuit, it sent a signal to the regulators. The authors reference the statement of Deputy for Pollution Control of BAPEDAL who directly attributed the need for BAPEDAL to undertake action against industrial pollution to *“increasing NGO pressure and a new regulation empowering the public”* (Gordon, 1998 as cited in Afsah et al., 2013). Furthermore, regulators were receiving a lot of attention from local communities affected by pollution from industries. The media were also quite eager to report on health risks and their causes. This served as important factors in the conceptualization of PROPER, which may also have led to its successful implementation.

6.2.2 Factors pertaining to design of disclosure program

Unlike the models of information regulation programs elsewhere such as the Toxics Release Inventory in the US and the Pollutant Registry Transfer Programs in OECD countries, the EPRD did not make use of pollution data in their informational strategy. Full disclosure of raw data was assumed to be too wieldy for the general public in Indonesia and was surmised to cause problems in interpretation so BAPEDAL instead decided to present interpreted information in the form of environmental performance of the industries, which they have evaluated. Based on analysis of pollution emission data from the PROKASIH program, the agency discovered that there was a great variance in pollution discharge among the industries and evaluating them using the usual compliant/non-compliant categories provided a distorted image of the pollution issue in Indonesia. This led BAPEDAL to develop the 5-color rating system (Afsah & Vincent, 1997). BAPEDAL consciously and strategically made the rating system simple and easily understood acknowledging the needs of the public and other

stakeholders who are targeted as the receiver and users of information. The criterion for the rating system initialized by Indonesia's PROPER was focused on water quality and specifically on measures of Biological Oxygen Demand. BOD is a pollution emission standard that has been used nationally and claimed to be widely accepted. The use of this indicator was strategic and served to limit grounds for criticism from the businesses themselves as well as the agency's various stakeholders (Rock, 2002).

The design of PROPER's and Ecowatch's disclosure programs were based on ensuring the comprehensibility of the information being disseminated to allow the recipients to understand the different degrees of environmental performance. Here, the information about the pollution data reaches the public in its interpreted form. The underlying premise here is that the public trusts that the information is accurate and credible.

The Philippines essentially made use of the same principles of simplicity and acceptability. The use of color codes was found to be easily understandable by the general public. The agency was the one who collected data and transformed it to the color codes using accepted pollution emission standards for rating. However, whereas in Indonesia the regulatory agency had a track record with the success of ADIPURA and PROKASIH and the interpreted results were found to be quite credible, in the Philippines the DENR EMB had not been able to build up such a reputation. In fact, when DENR provided some awards i.e. Seal of Approval to some companies through the PEPP, some environmental NGOs responded with doubt and claimed that DENR was resorting to Green washing. These NGOs have been clamoring for the raw pollution data to be released (Interaksyon, 2012).

This indicates that ratings alone may not be sufficient to induce NGOs or members of the community to exert public pressure. There may be a need to release additional data such as actual pollution load similar to those being exposed with the TRI and PRTR programs or to change the design of the program. Lack of trust or weak credibility of the agency undertaking programs disclosing interpreted results undermines the legitimacy of the system.

6.2.3 Factors pertaining to administrative capacity

Both the environmental agencies in Indonesia and the Philippines had weak enforcement capacities. However, analysis of the institutional history of Indonesia revealed that the weak capability for enforcement was counteracted by its strength in data gathering and analysis and administering information-based programs. In evaluation reports of Indonesia's PROPER, a

couple of enabling factors have been cited for the success of the program: first, was the considerable experience and public credibility of the Indonesian government with regard to information-based strategies with their Clean City program (ADIPURA) established in 1986 and Clean River program (PROKASIH) launched in 1989 (Afsah et al., 2013). The implementation of ADIPURA and PROKASIH needed extensive data collection and analysis of information, which gave the environmental agency a lot of experience and background. PROKASIH in particular, established the regular collection of firm level pollution data that was utilized for the PROPER program later on. Second was the quality (and quantity) of the pollution data that BAPEDAL generated for PROPER that made it reliable and difficult to refute. When BAPEDAL was initially formed, the focus was on building the implementation capacity of existing staff members (technical personnel relocated from the Ministry of Environment). The collection of reliable pollution data became the basis of a more sophisticated information management system for the PROPER program (Makarim interviews, cited in Afsah et al, 2013). In effect, PROPER became an extension of existing programs and built up on existing organizational capacities.

The Philippines on the other hand not only have challenges in carrying out inspections but also data gathering and information analysis. A rapid assessment report of AECEN for the Philippines in 2004 indicated that the EMB is unable to carry out inspections and enforcement actions due to lack of training of inspectors and logistical support. Limited protocols exist and inspections are not standardized or if they do, they are seen as unsuitable to actual field conditions. As a result, companies can easily question the integrity of the pollution cases charged against them as the inspection reports are perceived as not credible enough. The AECEN report furthermore cites a study conducted by Resources, Environment and Economics Center for Studies, Inc. that estimates the monitoring and inspection rate of EMB as 25% of companies in its database which is approximately less than 5% of total number of registered establishments in the whole country. Furthermore, the same report points out the need for improvement of database management within the EMB as findings show that raw data from actual inspections conducted are seldom analyzed and used for planning, nor were they even systematically recorded and organized. This has been confirmed in the course of the study in this research when regional inspectors admit that the Self-Monitoring Reports containing pollution data that are routinely submitted by companies are not being inputted in databases nor analyzed; they are only used as reference for application of discharge permits and the like. In fact, other researchers attempting to analyze the pollution data generated by industries in the Philippines were dismayed to see several years of SMR's in a warehouse in one of the regional offices. It took several research students 6 months to sort manually through the piles of reports to be able to encode them into

a large database (Lejano, personal communications, 2010). Even up to the present, the information has not been utilized nor being analyzed.

In addition, for Ecowatch to be operationalized, EMB had to accommodate the program within its existing regulatory structure and needed to create new institutional set-ups as well as develop the information and monitoring infrastructure. Ecowatch called for a new monitoring system, new ways of analyzing data and new channels of “enforcement” (presumably through the public channel if disclosures were activated). This entailed new kinds of commitment and capacity from the DENR (will be discussed in detail in a later section) which later on hindered optimal operationalization of the program. The analysis in this section indicated that while at the onset, the adoption of the EPRD in the Philippines seemed technologically feasible, an understanding of the administrative features in the EMB indicated it was not an exact fit and in fact a lot of adjustments needed to be made. There were attempts to improve and set up the information infrastructure through the use of a computerized program for analyzing inspections and ratings. Chapter 5 of this dissertation has shown that this computer program was not utilized after the pilot phase nor was a new version instituted. Regional inspectors currently compile inspection and ratings manually and information while centralized with the Ecowatch Secretariat, are neither consolidated nor integrated with other databases and information systems within the EMB which makes disclosure systems difficult and challenging to operate among other things.

6.2.4 Factors pertaining to agency strategy

Two strategies that have been found to be effective in implementing PROPER were undertaken by BAPEDAL: the generation of high-level political support for the program as well as generation of the confidence level of their stakeholders. Since it was formulated, PROPER has received a good level of support from Indonesia’s government officials. No less than the Indonesian President presents the awards during disclosure of environmental ratings. In the discussion of the institutional history of PROPER in a previous section of this chapter, it was partly in response to the clamor of environmental groups that the policy was established. As such, the governmental agency made sure to engage the public and private sector in the implementation of the program. In order to enhance credibility of the program and its ratings, BAPEDAL has also included public participation through the PROPER Advisory Board. Here, various sectors such as academia, NGOs, mass media and environmental watchdogs are represented and sit on the 8-person Advisory Board which provides the final assessment for PROPER (Lee, 2010). As part of their disclosure strategy, the ratings are disseminated to NGOs and communities and the agency also made sure to communicate and network with financial institutions as these were deemed to provide a

channel for external pressure to companies. For instance, PROPER reports were sent to banks and the Jakarta Stock Exchange. Nabel Makarim claimed that the Initial Public Offering of 2 firms at the Jakarta Stock Exchange were postponed due to poor PROPER ratings (Afsah et al., 2013). The media strategy was also targeted—BAPEDAL had even facilitated for some of its officers to explain the rating system and how it works to offices of major local newspapers (Afsah & Vincent, 1997)

To a certain extent, the Philippines was able to generate the same high level political support at the onset of Ecowatch. In chapter 5 of this paper, it was shown that unfortunately this had not been sustained. While high-level political support continues to be important, an additional insight is the need for the acceptance and support of the regulated community themselves as well as the other stakeholders. It seemed that EMB had not undertaken steps in promoting Ecowatch directly to environmental NGOs and local communities. Despite the fact that the Philippines has a very vibrant NGO sector, environmental groups were largely unengaged in the implementation of Ecowatch nor was the information about the ratings made available to them. Even the Sagip Pasig Movement which had initiated the Poison Awards and who would logically be a good partner in the campaign against polluters, was not strategically engaged. EMB can learn from BAPEDAL by proactively networking with the other stakeholders, demonstrating how the ratings work and if possible engaging them in the process.

6.3 Fitting processes and institutional contexts

The Philippine policy formulators were aware of the need for contextualization and adaptation to local conditions. In fact, contextualization processes were claimed to be undertaken for Ecowatch:

“it (Ecowatch) was not an exact copy but we situated it based on the conditions of our own country.” (Gozun, interviews 2013)

In the succeeding sections, the study analyzes the relevance and fit of Ecowatch with the institutional context and the fitting or translation processes undertaken. Here, the study takes on the conceptualization of institutions by Richard Scott (2003): *“Institutions are systems composed of regulative, normative and culture-cognitive elements that produce meaning, stability and order”* and culls out the three major elements to be analyzed. Regulative elements pertain to mechanisms focused on rules, monitoring and sanctions; normative elements to norms and behavior associated with or expected from social (as well as political) roles and cultural-cognitive elements to beliefs and shared conceptions of the social order.

6.2.1 Regulative Context

In determining the fit of Ecowatch with the regulative context, an associated question arises: Does the program have a legal basis in which to anchor its disclosure strategy? Anticipating the importance of this aspect, policy brokers were careful to look for and ensure that legal structures were in place when they developed the program. Reviews of the project documents and the policy statements of the DAO revealed that disclosure strategies were legally permissible in the Philippine context. The legality of public disclosures was embodied in the Philippine constitution and can be found in Section 7, Article III of the Bill of Rights also referred to as Right of Access to Information): *“The right of the people to information on matters of public concern shall be recognized. Access to official records, as well as to government research data used as basis for policy development, shall be afforded the citizen, subject to such limitations as may be provided by law”*. This provision has been cited in the DAOs as a justification for the program.

Furthermore, in order to ensure “institutionalization” of the program within the regulatory structure of the DENR EMB, pilot program developers targeted for the program to become an explicit feature of the legal and institutional framework through the enactment of a departmental administrative order thereby making this a legally recognized instrument for the EMB.

But mere imposition of a new set of formal rule or legal order alone without due consideration of the underlying institutional arrangements especially pertaining to the socio-political context and culture-cognitive scripts are bound to be ineffectual as will be shown in the next discussion.

6.2.2 Normative Context

At this point, the fit of Ecowatch with the socio-political system in the Philippines is scrutinized. The Philippine bureaucracy is described to be influenced by vested interests and a system of patronage. Furthermore, public service is hampered by a bloated and inefficient bureaucracy that results in lack of communication and coordination (World Bank, 2009). Despite the fact that environmental personnel are supposed to be technocrats, political influences and pressures are said to permeate the DENR bureaucracy. Department heads are usually appointed according to presidential prerogative. Specifically they are perceived to be chosen not through their qualifications and track record in governance or environmental management but as a form of political accommodation. This has contributed to disjointed

policy-making and in some instances hampered implementation due to changing priority programs (La Vina, 2008).

Though it is not explicitly stated in the DAO for Ecowatch, all the rating results have to pass through the office of the Bureau Director and Secretary before final publication. In practice, the Secretary is able to veto or hold the full disclosure of the ratings results. Interviews with personnel involved in Ecowatch have cited that there have been instances when these have happened. The informal reasons whispered by staff during interviews are the alleged ties and interests of top officials with the business sector. Even bureau chiefs are also claimed to be susceptible to private or personal influence and at their level can also block or hinder disclosures.

But the official and usual justification provided is that negative disclosures have legal implications—such that companies may file a legal suit for the derogatory ratings. In the Philippines, libel is a criminal offense and government officials are especially wary of cases being filed due to experience with such. When legal suits are filed against government officials in general they have to deal with the cases on a personal basis even if the complaint involved an action undertaken as part of governmental duties. Statements from regional officials below express this fear for legal suits:

“Disclosure is good but there are legal issues as legal suits may be filed against the discloser, especially if it does not go through the process...because the business will go down... also because not all are included. ‘There are many others who are polluting, how come we are the only ones you see? How come you are not including the ones that are highly polluting?’”.

On the other hand, this fear of lawsuits has trickled down to the rest of the bureaucracy such that the Ecowatch team has become risk averse and prefers the higher-ups to be accountable for the disclosures.

This deference for accountability may be observed in the responses of regional coordinators of Ecowatch when they were asked if disclosures can be done at the regional level: *“Let the central office handle the cases (lawsuits)”*; *“If we disclose, the companies can get back at us. So what we do is we send the results to central office so they can handle it”*; *“Central office is policy creation, they don’t have direct contact with the industries. For us as inspectors, we are prone to...umm...threats because we are hands on, we face the industries, so maybe it will come to that...”*; *“Re: disclosure, we just have to make sure DENR does not get into trouble, as companies have lawyers”*.

“If you shame them, the company can get back at you, they can file a case. Let Manila (central office) handle it, because for our case, we don’t disclose because it is not good. In the past, we had a company closed down (due to violations). The inspecting engineer who reported, the company filed a case against him. The problem is, he (the DENR staff) had to look for his own lawyer because the office did not have the means to help him. The company was forced to close because the engineer won.”

These views suggest that the shift from protocol (through non-implementation of the provisions of the DAO) is not being questioned and that the regulatory agents accept the rationale for the non-disclosure. While agency staff may believe in the concept of public disclosures, they don’t want to be the one accountable especially for the negative ratings, which are perceived to have negative consequences. This unwillingness to publicize the ratings is in direct conflict with the principles of disclosure being espoused by EPRDs.

Another norm within the environmental agency that may not be appropriate for disclosure systems is the high level of informality and deliberative practice with regard to inspections and monitoring (Lee et. al, 2013). The lengthy transactions with the industries, the long period provided before ratings are finalized and released and the long deliberations by the Technical Evaluation Committee are said to hamper the efficiency of the supposedly free and prompt disclosure process. There were questions about the practice of releasing the ratings of environmental performance a year after evaluations were conducted—raising questions about the validity and accuracy of the assessment.

Underlying assumption or requisite content for disclosure programs is that disclosure is a norm or an accepted behavior. While disclosure programs for pollution have been conducted successfully in the Philippines in the past, however it is to be noted that these were initiated and implemented by Sagip Pasig Movement, a grass-roots NGO known for its strong community-based programs and fearless advocacies. Despite one of the freest media and a rather pro-active civil society, the fate of the Freedom for Information Bill attests to the difficulty of transparency to be legalized or institutionalized in the Philippines. The first Freedom of Information bill was filed in Philippine Congress in 1992 but despite 30+ versions passed from that period up to 2013, it still has to see the light of day. <http://www.cmfr-phil.org/freedom-of-information/>. Despite clamor by various sectors in the society and the citizenry for the passage of this law, it has time and again been hampered by politics. This indicates that transparency programs including public disclosure strategies such as Ecowatch need tremendous amounts of political will to be operational.

6.2.3 Culture-cognitive context

The distinguishing feature of ERPDs from other regulatory mechanisms is its use of publicity and disclosure as a means of generating pressure from the public. Reputational incentives are supposed to be harnessed through these strategies and in the Philippines this is posited to address the Filipino notion of honor (*dangal*) and shame (*hiya*). Filipinos are known for the value they place on “face” and a person’s honor or dignity is held in much esteem. As such, public recognition programs are quite popular in the Philippines. In the 1990s, DENR started giving out *Likas Yaman*¹² Awards for Environmental Excellence to recognize extraordinary accomplishments of groups, individuals, People’s Organizations etc. in caring for the environment. A number of industry associations have also come up with their own version of awards for businesses displaying good environmental stewardship. Examples include “Excellence in Ecology and Economy (E3) Award” by the Philippine Chamber of Commerce and Industry (PCCI) and “Recognition Program for Responsible Business” by the Management Association of the Philippines (MAP). These are not regulation-based programs per se but the practice of praising good performers implemented by various government and private organizations, have encouraged and motivated the private sector to become better stewards of the environment. These are widely acceptable and lauded practices. In the interviews with EMB staff connected with the Ecowatch program, all of the respondents shared positive feedback about the honoring and giving of awards.

The strategy of disseminating derogatory ratings on the other hand generated mixed responses. The attachment of derogatory labels to the noncomplying entities would be expected not only to offend but also to create a sense of isolation from the community. It is assumed that these effects would prompt noncomplying entities to change their behavior. In the past, shaming campaigns have been undertaken to stop drug abuse, prevent jay walking as well as to expose polluting firms in the 1980s. The latter has been deemed successful as expressed by former DENR Gozun who cites the case of the owner of the textile firm whose company was included in the Dirty Dozen shaming campaign in the 1980s and whose children felt shame at the exposition and refused to go to school after the media exposure. The textile owner eventually founded a volunteer organization of industries for clean environment (Gozun, personal communications, November 12, 2010). While it is true that the EMB desires the change in behavior of erring companies and in concept they acknowledge that publication can lead to reputational pressures, the impression from the interviews with Ecowatch related personnel from the central to the regional office (as cited in previous chapters) is that they are wary about being the actual ones to deliberately undertake the shaming campaign. This can

¹² *Likas yaman* translates to natural riches (literally) or more commonly to refer to natural resources in English

be attributed to the fact that Filipinos would also go to great lengths to avoid offending other people's feelings a trait known in Filipino psychological circles as SIR or Smooth Interpersonal Relationship. This explains the hesitance of most of the EMB staff in undertaking full disclosure that would lead to shaming.

Another related Filipino cultural trait that may explain the disinclination for shaming strategies is *"pakikisama"* or getting along with others. This connotes a concern for the well-being of others. In the case of EMB staff, their concern for the regulated companies and the consequences of negative disclosures can be perceived through the following common responses to the question, "Is disclosure is an effective strategy in terms of helping companies comply with environmental standards?" and the follow up question, "What is the impact of full disclosure on the firms?": *"There is impact on firms. If the business is big, thousands of workers will be affected if it will be closed or they lose clients"; "...negative impact on companies on their loans...and minus points for them"; "we have negative impression of disclosure...image (of firms) will be destroyed"; "For me it is not a good strategy. It is normal with people, if you shame (them), they will comply but their spirits will be affected. It is not good"; "Before, they disclosed black-rated companies. But the new admin thinks that should have been done as the economic aspects of the (company) operations may be affected"*.

Regional coordinators especially on the ground inspectors expressed empathy for economic hardships in the case of company shutdowns, losses due to consumer reaction and withholding of financial loans. Furthermore, the interviews have revealed that the new thrust and stance of EMB is on partnership rather than as strict regulators. Statements like *"We do not want to be the enemy of the companies"; "Our thrust is partnership" and "As far as EMB is concerned, we are not the police, we are not fault finders. We are partners in environmental conservation and management (with the companies)"* were commonly heard and often repeated in interviews.

The analysis here suggests that the appropriateness of reputational sanctions and incentives within the Filipino context needs to be understood in the light of other culture cognitive elements present. Another insight that can inform analysis is the fact that EMB regional coordinators gave the impression that industrial pollution is currently being addressed through regulatory means. Some even citing that, with or without Ecowatch, noncompliant firms are being sanctioned and emissions are being mitigated. A couple of regional coordinators shared their impression that in their regions, industries are generally compliant already and that the main sources for pollution nowadays come from the domestic sector and agriculture sectors.

Discussion

Authors like Andrews (2013) argue that most reforms do not succeed because they pay attention only to the more visible elements of institutional context such as the regulative context while mainly disregarding the informal ones (i.e. normative and cultural-cognitive elements) intentionally or by oversight. Either policy developers do not have clear knowledge of the normative and cultural elements, as is the case for external consultants/policy brokers tasked to develop or formulate a transferred policy from abroad; or because these institutional contexts are hidden or do not manifest themselves early on. This seems to be the case for the Philippines. Fitting and adaptation processes were observed specifically for the regulative context wherein policy makers were careful to ensure that there was a legal basis for the policy. However, it seemed that norms and social behavior that were not coherent with the disclosure strategy were not considered nor addressed. Some cultural traits were also found to be incoherent with the strategy of disclosing ratings bestowed by the agency.

In general, new policies or programs especially borrowed ones need to have some sort of congruence with these institutional contexts if they are to become functional or to be embedded in the adopting jurisdiction. Otherwise sooner or later they will be scrapped or rejected. The implication is that borrowed policies need to flourish together with domestic institutions (Zweynert, 2009).

6.3 Chapter Summary

Initial assessment of the feasibility of transplanting the disclosure as a form of regulation to the Philippines was generally optimistic. Both Indonesia and the Philippines were seen as developing and industrializing countries with growing environmental issues caused by industrial pollution. Governmental environmental agencies also had similar characteristics of weak enforcement capabilities and limited resources. Also, the notion of honor and shame were claimed to be particularly strong in Asia where the two countries are located (Kim and Nam, 1998; Gozun press release) and as such the concept of reputational sanctions and incentives were promising. Furthermore, the Philippines had a strong and active civil society making the program technologically feasible. Therefore when the decision to adopt the program was made, it was thought to be straightforward—it if worked in Indonesia, it could very well work in the Philippines.

An analysis of the policy content and a comparison of the contexts in which it was applied in Indonesia and in the Philippines revealed that certain features of the policy may not have been

particularly coherent with the context of the Philippines and considerable adaptation and translation of the policy would be needed in order to make it work.

The design of the program that involved the release of interpreted data to the public was found to be challenging for the Philippine case because the environmental agency did not enjoy the confidence of the stakeholders and need to deal with issues of credibility. EMB also did not have the information infrastructure and capacity to be able to deal with the informational campaign unlike Indonesia, which had considerable experience in implementing informational strategies. In terms of strategy and mobilizing the intended users of information, the Philippines was also not able to engage the otherwise active environmental groups in the country.

The legislative context in the Philippines was enabling for information disclosure strategies as this was embodied in the constitution. The DAO for Ecowatch was enacted to ensure the coherence with the legal context. However the socio-political context and cultural cognitive revealed some incoherence to a certain extent which may have furthermore affected the institutionalization processes.

While the Indonesian and Philippine environmental agencies were initially found to have substantial similarities that would make the adoption of EPRD feasible, deeper assessment indicated that certain factors which made the program work in Indonesia were not found in the Philippine context and also that some institutional elements in the Philippines were found to be incoherent to the policy strategy. This indicates that the flawed and dysfunctional implementation stemmed from an inappropriate design and strategy and that considerable adaptation processes are clearly needed in order for the program to work in the Philippine context.

Chapter 7. Policy Transfer and Reform Space

The pilot program for Ecowatch was able to demonstrate that the program worked well. A question then arises: Why was the full-fledged program not sustained after the pilot's success? This question, which has not been explored in depth by policy theorists or observers is what the next two chapters primarily address. This chapter furthermore investigates the factors that hindered the program's meaningful adoption and institutionalization in the Philippine context. Ecowatch was considered as an outcome of policy transfer, so it is in this manner that the policy transfer process is revisited and the history of the program adoption and its consequent institutionalization scrutinized in greater detail. Attention to feasibility, appropriateness as well as adaptation of a policy innovation to the context has been much touted in literature as important for successful policy transfer adoption and had been discussed in Chapter 6 of this dissertation. However, there is much less attention on how contextualization processes actually occur or what factors enable them to occur. This chapter focuses on the notion of a space in which reform takes place that can influence institutionalization and implementation of policy innovations. This is a lesser analyzed, but important aspect of policy reform suggested by recent works of Andrews. This study posits that the quality of this reform space can explain why the success of Ecowatch has not been sustained. An analytical framework is developed, applying Andrews' notion of reform space in explaining the outcomes of the policy transfer of environmental ratings and public disclosure program in the Philippines.

This chapter proceeds as follows. A brief background of the literature on policy transfer, best practice and reform space is explored in Section 2, laying the foundation for the development of the analytical framework and the methodology presented in Section 3. Section 4 traces the transfer, adoption and outcomes of Ecowatch, as well as the challenges and issues in its implementation. Section 5 applies the analytical framework and reflects on the findings and analysis. The paper ends with some concluding statements and some ways forward.

In assessing effectiveness or success of the policy, the importance of adaptation, contextualization processes, relevance and fit have been commonly expressed, however literatures rarely explain how adaptation can happen, or what factors enable it to happen. It seems that their analytical focus is limited to the act or occurrence of transfer but stop short of the contextual conditions wherein the transferred policy lands and the complexities faced upon arrival at the new jurisdiction. This seems to imply that implementation is straightforward and is a matter of just putting into action the decisions made during the

transfer process. The reality is that implementation of policies and programs borrowed elsewhere, as in other policy formulation processes are untidy and non-linear (Keeley & Scoones, 1999; Thomas & Grindle, 1990) and need to be continually revised and translated. Furthermore, new policies/ideas most especially externally crafted ones do not land on a blank canvas but rather on an existing institutional “field” (Lejano, 2006). This field may be full of entrenched practices, set rules and defined actors, so a more basic question would be “Is there even room in the existing set-up for a new policy”? A room to maneuver or space is needed in order for the new idea to take root or before any sort of adoption of the policy can happen. Furthermore, if adaptation and contextualization are important for transferred policies, what are the conditions that make these happen? What facilitates local agents to innovate, fit and to improve or tweak the policy to meet the needs of their own context?

Following Evans & Davies (2002) who state that policy transfer is a model of policy change, this study looked at the institutional reform literature. The notion of reform or change space in the institutional reform literature encountered in various works of Andrews and his colleagues (M. Andrews, McConnell, & Wescott, 2010; Matthew Andrews, 2004; Matthew Andrews, 2008) can be useful in analyzing this space in which the transferred policy lands and is instituted. In his work with various development initiatives in developing countries, Andrews observed that similar technical solutions generated different results in different settings—that these were mainly brought about by organizational factors and that reform space is important for any kind of policy change or reform. Andrews argues that these contextual conditions may be more crucial than the actual technical policies or interventions being transplanted in terms of generating outcomes or real reforms. His reform space model can provide a different perspective and one plausible explanation as to why the adoption of the EPRD reform was not sustained. Space is also deemed necessary for the borrowed policy to grow and to become institutionalized. Regardless of whether this space is available or needs to be developed, questioning the institutional conditions and factors that enhanced receptivity of the transplant and allow for adoption and embeddedness into (or rejection by) the existing institution is deemed relevant to this study.

7.1 Analytical Framework

The general analytical framework for policy transfer has been introduced in Chapter 1 of this dissertation to comprise of two major phases: transfer phase and contextualization phase. In this chapter, attention is focused on the contextual interphase upon which the policy interacts. Figure 13, a more detailed version of Figure 2, depicts the contextual interaction phase or how the transferred policy interacts with a given context highlighting a reform space. It is to be noted that new policies do not land on a blank canvas but rather on an existing “field” which

may be full of entrenched practices, set rules and actors. An important question to ask is, “What are the institutional logics that will enhance the receptivity of the transplanted policy and allow for its adoption and embeddedness into this existing institution?” Andrews argues that change happens and is successful when organizations have a space in which agents can identify, define and solve its own problems. This concept is adopted for the study and two important spaces of interaction pertinent to policy transfer were deemed the most crucial stages that need to be analyzed: the landing space (when the policy was first initiated) and the institutionalization space (when the policy gets enacted and institutionalized).

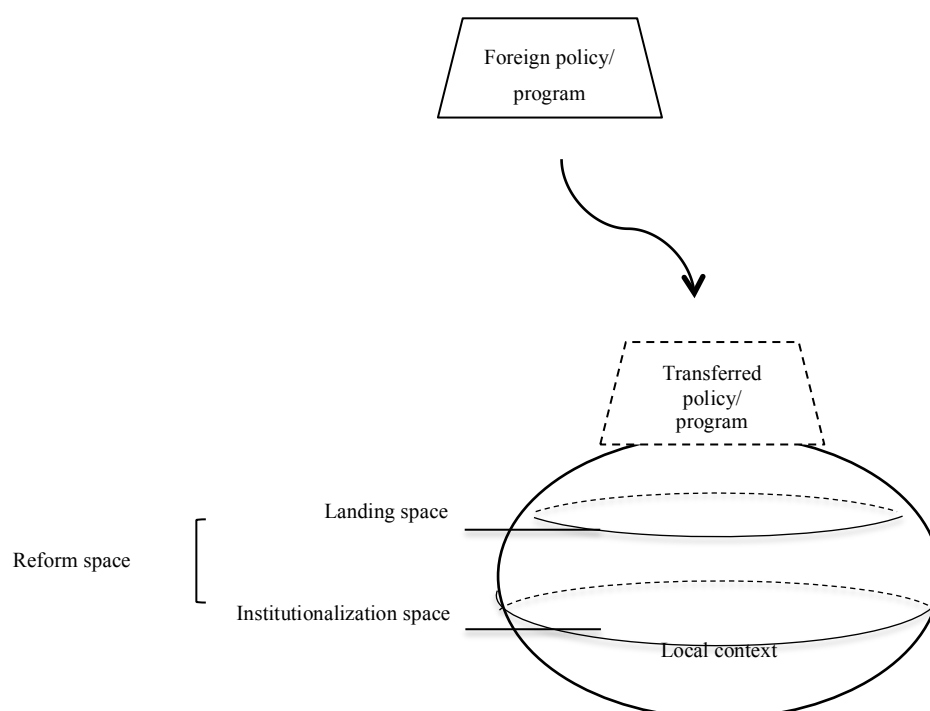


Figure 13. Interaction of policy reform with the reform space

7.2 Reform Space

The formulations for the landing space and institutional space in this study are mainly influenced, and build upon the notion of reform space as conceptualized by Andrews. This study defines the landing space as the interface between the foreign policy and the local context at the point when it is first initiated. This space determines the capacity to absorb the adopted policy and enable it to be transferred in the new jurisdiction. This includes the phase when the program was being formulated at the adopting jurisdiction and when it is initiated (in this particular case study, as a pilot program). The institutionalization space is defined in

the study as the interface when the policy or program is formalized or established as embedded procedures. These lead to normalization of the policy and may be accompanied by legal structures and institutional resources.

7.2.1 Indicators for factors contributing to reform space

Andrews identifies three factors that influence the reform space: acceptance, authority and ability. These organizational factors were found to facilitate change, openness to the new ideas and readiness to implement the reform. These 3 factors are adopted as the main indicators and applied for this study.

Acceptance pertains to the buy-in and ownership by various agents for the particular transplanted policy, their willingness to embrace it and their commitment to implement it. Andrews et al. (2010) furthermore defines acceptance as a belief-based commitment to aspects of the reform or change. The following questions are relevant: Do actors have buy-in to the ideas, principles and strategies of the transplanted program? Is there ownership of the process/program? Is the program acceptable given values and norms? Is the commitment to the program widespread through the bureaucracy?" *Authority* indicators would look into the power structures of the adopting organization or agency—their authoritative control mechanisms, laws and procedures as well as informal mechanisms such as informal norms. Legal and organizational authority structures are to be analyzed. Capacity and resources would be scrutinized in indicators for *Ability*. The following questions are put forth: Would the adopting agency have the capacity to implement and operationalize the program? Were the capacity building activities enough to enhance capacities? Are resources to include people, technology among other things available? For this study, personnel ability and technical ability are scrutinized.

The many on and off implementation and revivals over the years and its subsequent dysfunction and sub-optimal operationalization generate some interesting questions. Despite its potentials and promises, why was the success of the pilot implementation of Ecowatch not sustained? What are the challenges in embedding this program into another context? What are its implications for the actions of agents of transfer?

The analysis in the next section provides one possible explanation for why and how the success of the pilot implementation was not sustained and identifies possible constraints that need to be addressed for institutionalization to proceed and to be effective.

7.3 Analyzing the Reform Space of Ecowatch Adoption

7.3.1 Landing space

The interaction of the program being transferred and the reform space is investigated focusing on the three influential factors of acceptance, authority and ability. Table 18 presents the factors and findings of the study based on indicators earlier formulated.

Table 18. Landing Space of Ecowatch Policy Transfer

Acceptance	Authority	Ability	Reform Space
Then-Secretary of DENR Secretary Vic Ramos and Staff strongly welcomed the project (strategic and opportunistic)	Support from high-level officials: Department of Environment and Natural Resources Secretary and Undersecretaries, President of the Philippines	Foreign and local technical consultants hired to take on development of the rating system, computerization of the process and capacity building for the agency	Large and sufficient space for reform
Tacit acceptance from the business community	MOA between the President of the Phil and 23 business associations for the Ecowatch Project	Resources for the project existed as a grant from the World Bank	Led to successful piloting of the Ecowatch program

Acceptance. During the pilot phase, acceptance for the Ecowatch program was found to be high as gleaned from the project completion report submitted by the consultants for the pilot program³³. Top officials of the DENR from the Secretary, undersecretaries and assistant secretaries (Executive Committee of DENR), were convinced of the strategy which they found practical and helpful in dealing with the issues of pollution in the country (La Vina, personal communications 2012). The opportunity for funding was also not too difficult to resist. These officials are the decision makers and their buy-in meant that the policy had the necessary support and commitment from the department. As policy-makers, they had the power to authorize the implementation of the program. The program was also politically acceptable as it was in line with then President Ramos' thrust for sustainable development and his political strategy of "development diplomacy" (Pattugalan, 2010) that meant development of closer ties with multilateral and bilateral institutions. It is to be noted that

during this time, Ramos pushed for intensive industrialization in order to become an economic “tiger” in Asia.

Authority. The high level of acceptance highlighted in the previous section, translated into support and authority by the officers of the DENR as well as the office of the President. The presence of the Philippine president during the disclosure ceremonies in 1998 indicated the strong backing and commitment for the program. A Memorandum of Agreement signed by President Ramos and forged with the business community for the implementation of the program created the legal authority for the landing space. Furthermore, the 23 industry associations who signed the memorandum of agreement for Ecowatch implementation signified their acceptance of the program.

Ability. While local capacity to implement the program may not be high at the onset, the technical expertise brought in for the program served to create sufficient ability for the agency. Consultants, both foreign and local who were hired for the program provided the technical expertise in formulating the rating design and parameters. Financial, technical as well as political resources needed for the program were provided for by the grant from the World Bank.

The high level of acceptance, authority and ability found at the landing phase led to a large and sufficient space for the successful piloting of the program. It is perhaps not surprising that the pilot phase would exhibit high reform space given that aid agencies providing grant money usually invest a lot of time in generating the necessary commitment, buy-in and support of officials before they pursue any particular project. This serves to ensure acceptance and authority for the landing space. In the case of Ecowatch, the double lure of a possible solution to an existing problem as well as the promise of much needed funding made it quite easy to accept. Program grants also usually aim for success in any undertaking and a common strategy is the hiring of consultants who are expected to deliver on the projected outcomes. The presence of foreign consultants ensured that the program would have the required ability to be able to successfully pilot the strategy.

7.3.2 Institutionalization Space

The reform space during the transition from the pilot to scaling up to a national program had different elements and required a different configuration of actors to have acceptance, authority and ability. An analysis of the consequent events and status of the program after the pilot implementation indicated that the conditions leading to the success of the pilot were found lacking in the institutionalization phase.

Table 19. Institutionalization Space for Ecowatch

Acceptance	Authority	Ability	Reform Space
Resistance to disclosures of negative ratings widespread in the bureaucracy	High Legal Authority: promulgation of DENR Department Administrative Order 98-51 (amended as DAO 2003-26)	Low Technical ability: Swift turnover of staff, continual training needed; lacking skills to manage information and disclose them publicly (Ecowatch computer program not utilized)	Insufficient reform space; authority mechanisms not enough; acceptance and ability to carry out disclosure strategy not bureaucratically widespread which explained dysfunction
Limited buy-in to the program and strategy	DENR Sec not willing to make public the rating list (refuses to sign the final list)		

Table 19 depicts the reform space during the institutionalization phase. The institutionalization phase covers the period immediately after the pilot program ended with the adoption of Ecowatch as a national administrative policy, its revival in 2003 up to the present.

Authority. After the successful run of the pilot program, a Departmental Administrative Order (DAO) 98-51 was promulgated in June 29, 1998 by then DENR Sec. Victor Ramos establishing the Industrial Ecowatch Program. This provided the legal authority mechanism for the DENR to adopt Ecowatch as part of its compliance monitoring system at the national level. Its implementation was to be carried out by the EMPAS offices at the regional level. Revised and updated guidelines as well as a procedural manual were adopted in 2003 through DENR AO 2003-26 when Bebet Gozun, one of its champions for the pilot phase became the head of DENR, providing the needed authority mechanism to reinforce and implement the policy. In a highly centralized and bureaucratic agency like the DENR, policies are usually drafted at the central level and assumed to be functional once it is downloaded to the regions for implementation.

Acceptance. The strong buy-in of top officials of DENR was quite crucial in getting the policy piloted in the Philippines; however, it seemed that this was not bureaucratically widespread nor was it sustained. An issue that surfaced during interviews and document reviews tracing the institutional history of the program revealed that the reception for the program was less than enthusiastic at the implementers' level within the agency. In retrospect, the consultant from UPERFDI observed, that the implementing staff especially at the regional level (DENR NCR and LLDA) did not seem to “welcome” the program at the time it was initially implemented.³⁸ Interviews with DENR NCR staff involved in the pilot implementation validated this observation and inspectors revealed that they thought of Ecowatch only as “as a project sponsored by the World Bank” and being “facilitated by a prominent environmental advocate in the country” (DENR NCR, interviews 2012).

One main aspect that did not have strong buy-in from the agency was the actual public disclosure strategy. Department heads that replaced former Ecowatch champions were found to have low acceptance for the program as evidenced by their unwillingness to sign disclosure documents or to prioritize the program. Initial investigation in the research pointed to lack of political will on the part of Department Secretaries who were thought to have close interests with the business sector and hence did not want to undertake disclosures that would mar the reputation of important businesses. However, subsequent interviews and a questionnaire sent to regional coordinators of Ecowatch indicated that resistance to the concept of shaming or disclosing negative ratings was quite widespread and not limited to the department heads. In an evaluation workshop for the program in 2007, EMB agency staff were actually questioning the value of disclosure and debated on its merits and demerits.⁴⁰ A member of the Technical Evaluation Committee (TEC) of Ecowatch also notes that: “...a larger school of thought that has evolved within the EMB is against negative disclosures—we would like to be more positive in approach” (TEC, interviews 2013). The TEC member believes that derogatory disclosures are not healthy and leave a bad taste in the mouth. This sentiment was echoed by most of the EMB regional staff interviewed. Furthermore, agency staff cited possible legal repercussions of shaming and they were not driven to push for it especially if their superiors were not going to back them up (no authority mechanisms) as they felt they have no protection against the big companies who have more clout. This was evident from statements like: “*They can get back at us*”; “*We have nothing to fight the big and powerful businesses*”; “*They (companies) will file libel cases against us*” and “*We are prone to threats*” (DENR staff, interviews 2013).

Furthermore, ownership was also not developed for the program as it was initially implemented by actors external to the agency. On the ground pollution inspections/officers of

the DENR NCR claimed in interviews that they mainly acted as sources of information and that they did not conduct the actual “run” of the program themselves. While they provided feedback on the criteria and guidelines to be used, they were not the ones making the final decision about the design of the program and its operationalization. They participated in the inspection, monitoring and validation activities; however, the analysis of the information and coordination for public disclosures were undertaken by personnel deemed external to the DENR. Even the act of mailing advance notifications to the companies prior to disclosures were not undertaken by DENR NCR and LLDA personnel but by staff under the Metropolitan Environmental Improvement Program (Afsah, Casilla, Alex, & Tanchuling, Antonette, 1997). This later on proved problematic as the inspectors had trouble applying the criteria and they did not have experience in running the program by themselves. It must be noted though that the project took measures to ensure local “ownership” through the engagement of local expertise from the University of the Philippines. However, even these local actors were external to the implementing agency.

Ability. With regard to ability, the study found that the program required new and additional tasks and skills for the staff of the environmental agency. Aside from the usual inspections and monitoring, ratings needed to be conducted, the database managed and disclosure strategies activated. The local consultant from UPERDFI claimed that during the plant inspections for the pilot run, sometimes she had to take over dealing with the companies as the agency inspectors were complacent and did not seem competent to take on the inspection and monitoring of water waste discharges. This included providing information to the inspected company about the program, regulations and monitoring protocols as well as insisting on undertaking the sampling and monitoring as prescribed by regulation even if the industries would initially block them from entering their premises (Tanchuling, interviews 2012). On the one hand, capacity building activities were conducted during the period March to May 1997 attended by some thirteen to twenty-nine participants representing eleven regional offices of the DENR. However, the restructuring of the Environmental Management Bureau led to staff reassignments and those who attended the training took on other posts and were not necessarily assigned to the program afterwards. Even after its revival in 2003, several trainings have also been conducted but it seemed that there was a swift turnover of staff and the capacity has not been passed on to others making implementation harder and more difficult to do.

The original DAO in 1998 dictated the use of the computer program developed for Ecowatch by technical consultants and required that one computer unit per regional office be dedicated for the use of the program. However, an inventory of resources at the DENR regional offices

at the time revealed an average of only three computers for the use of the entire region (Afsah et al., 1997). Budget constraints and limited technical ability rendered the developed computer model useless. By the time computers became a permanent fixture in government offices in the Philippines, the program was no longer applicable. An interesting thing to note is that all ratings and information management from 2005 up to the present have been undertaken manually despite the increasing ubiquity of computers. Ratings are routinely submitted to the Secretariat but are rarely analyzed nor used for compliance monitoring or enforcement action indicating limited capability for these matters.

The foregoing discussions have shown that the limited acceptance and ability severely undermined the authority aspects for the program leading to insufficient reform space at the institutional phase.

7.4 Discussion and Analysis

Pilot programs for testing innovative policies especially with external funding usually have policy formulations as a measurable output. This case indicates, however, that legal authority is not enough for a policy to become fully functional or effective. While it is in fact the starting point for implementation, in order for a program or activity to be done well and effectively, motivation and acceptance of an idea may be more significant. Agency staff were not questioning the lack of disclosures nor pushing for it as they themselves were not convinced it was an appropriate strategy. Furthermore, they lacked certain abilities to see through the whole program. This did not allow them to adapt and fit the program according to their needs nor to improvise as necessary.

During the pilot phase, the focus was on convincing officials who could champion the program with the assumption that bureaucratic obedience (Schofield, 2001) may be counted on to get things done. While this in itself is an important strategy for policy transfers in general, limited engagement with a wide range of actors especially on the ground implementers with a focus only on select officials could lead to unsustainable practices. The top down management style of DENR meant that the agency staff complied and implemented as instructed. At the time of the pilot, mid-level and front line staff accepted the program because it did not ask much from them and because there was funding and technical assistance involved. But when left to implement on their own and made to undertake public disclosures, resistance to the concept became evident. There is thus a need to engage a wide range of actors even at the policy formulation stage.

New programs especially transported ones have associated capacity requirements and these cannot be assumed to be present especially at the local level. While capacity building efforts

were undertaken, it is always a challenging task for donor driven projects (Keohane, 1996). A World Bank research indicated that its capacity building efforts are most optimal when demand, motivation and ownership are high (Nelson, 2006). It has been established previously that for Ecowatch, acceptance and ownership for the program was not widespread and were limited to some key people during its development phase. Furthermore, the pilot was able to demonstrate how the program worked but did not give a lot of chance for local implementers to be hands on and to learn through trial and error efforts. Capacity constraints determined through assessments should input to adapting designs and making improvisations as necessary.

7.5 Temporal Dimensions of Landing and Institutionalization Space

The analysis thus far has expounded on the landing and institutional spaces as dimensions allowing domestic actors room to maneuver for adopting a particular policy. This study suggests that a temporal dimension to the concept of reform space may also be important. This case study points to a case of insufficient reflection on the part of the policy-makers in terms of processing and evaluating the PROPER model before implementing Ecowatch. The Philippines was an early adopter of Indonesia's PROPER program that may still be considered very much experimental at the time. It is to be noted that empirical researches on the mechanisms that made PROPER work and documentation of the lessons, came much later and as recent as previous years (see García, Sterner, & Afsah, 2007; Lee, 2010; Blackman, Afsah, & Ratunanda, 2004). Sugiyama (2011) cites the importance of processing and evaluating existing models before implementing a transferred program as important for policy effectiveness. In this case, the Philippines developed and pilot tested its own disclosure program within a period of less than a year. The Department Administrative Order to adopt Ecowatch as a national program was issued within two months after the results of the pilot program was initially disclosed. Perhaps its legalization as a departmental order may have been premature—a few months may not be enough to evaluate impacts and effects of the program as well as to iron out the details of the pilot. Even in the pilot stage, there were a number of industries whose rating status were under assessment—the high percentage indicated that issues in the rating and monitoring still needed to be addressed.

Furthermore, its experimental nature implied that a lot of tweaking needed to be done before the program can become fully functional. Hasty adoptions are common sometimes even before the program has been proven (de Jong et al., 2002) and such adoptions can lead to careless considerations of the context. It may perhaps be possible that given more time, the reform space at the institutionalization phase can be adjusted—acceptance (or not) of disclosure can be fleshed out and adjustments in the design and formulation of the strategy

can be undertaken and capacities can be built especially at the regional level. A more in-depth consultation with the business sector and NGOs as stakeholders would be invaluable as well as understanding the dynamics and mechanisms of how EPRD strategies are meant to work. The reform space should be able to encompass the capacity to evaluate and reflect on the demonstration/pilot experience. And this usually takes time to process.

7.6 Chapter Summary

This chapter provided an explanation on the factors that hindered meaningful adoption and institutionalization of Ecowatch in the Philippine context. The reform space profiles and the three factors presented served to explain the enabling factors and constraints faced by implementers in adopting and institutionalizing the Ecowatch program in the Philippines. The high reform space observed at the landing space is linked to the successful implementation and outcomes of the pilot program. However, at the transition and institutionalization phase, the lack of widespread bureaucratic and political acceptance, and limited ability undermined the legal authority for Ecowatch, creating a small reform space leading to its dysfunctional and sub optimal operationalization.

Aside from reflecting on what did not go well during the policy formulation stage, the analysis on reform space can inform ongoing discussions on revision or amendment of the department administrative order of Ecowatch. Reflecting on the concepts of authority, acceptance and ability can lead the DENR to assess the appropriateness and fit of Ecowatch as an instrument in environmental pollution control and making adaptations as necessary. Given that the concept of public disclosures do not seem to be compatible with the values and beliefs across the bureaucracy and the fact that there may not be enough political champions pushing for its execution, the agency should consider rethinking the whole strategy instead of focusing on merely revising the technical aspects of the policy. An assessment of bureaucratic capacities and abilities should also help in identifying limitations and making improvisations with existing resources.

Chapter 8. Characteristics of the Policy Transfer Process

The previous chapter focused on the notion of reform space and found that the high reform space brought about by high acceptance, ability and authority observed at the landing space led to successful implementation and outcomes of the pilot program whereas the lack of widespread bureaucratic and political acceptance as well as limited ability undermined the legal authority for Ecowatch at the institutionalization phase (Lambino, 2013b). In this chapter, attention is turned to the actual transfer process itself and seeks to address Research Question 3 on how the transfer process affects the outcomes. It is posited that the manner of transfer had an effect on the program's long-term viability and also that as a program that was foreign-assisted, it was mainly supply-driven and as such faced more challenges in embedding the program in its context.

8.1 Analytical elements

Attempts at explaining policy failures by authors such as Dolowitz and Marsh (2000) have been criticized and found to be inadequate as they focus more on re-describing some aspects of failure as a type of transfer which can be either incomplete, inappropriate or uninformed (James & Lodge 2003). This research takes up the challenge of James and Lodge by linking outcomes with the features of the transfer process. In order to do this, attention is paid to two particular aspects of the transfer process that are deemed important: the role of agency and motivations for the transfer process.

8.1.1 Actor configurations and agency

Policy transfer processes are defined to be intentional activities (Evans, 2009) and as such necessitates the presence of an agent or agents. Agents involved in policy transfer have been enumerated to include government officials, civil servants, policy entrepreneurs and experts, transnational corporations, think tanks, supra-national governmental and nongovernmental institutions and consultants (Dolowitz and Marsh, 2000; Stone, 2004). International organizations not only play an important role in policy transfer as “policy entrepreneurs”, but may also play a coercive role by demanding policy reform as a condition of lending (Lana & Evans, 2004). Or they can impact on international norms and reinforce them through funding (Sugiyama, 2011). At the global level, international organizations such as multilateral institutions and donor agencies have been instrumental in the promotion of best practices and successful policy/program innovations. For instance, the World Bank in 1996 restructured its

organization and aimed to be a “Knowledge Bank” (King, 2002). It is one of the most active international organizations with regard to documenting and sharing best practices especially to developing countries.

De Jong, Lalenis, & Mamadouh (2002) in their discourse on institutional transplantation have emphasized the role that domestic actors play for a particular policy transfer process to be successful. In particular, they have expounded on the importance of the “pulling in” actions of domestic agents which involves ownership of the transferred policy, reframing or modifying as necessary and making it work within the scheme of things in their particular context. In some cases de Jong and Bao (2007) argue that sometimes even if the two jurisdictions involved in the transfer seem to be inherently incompatible, the willingness and capacity of local actors to transform the transplant to make it suitable to the context makes a big difference between success and failure. For this study, the analysis will focus on identifying the different types of actors involved in the transfer process and determining the extent of their push or pull, in terms of adoption and institutionalization of the policy into the context of the Philippines. In this paper, agency pertains to the actions of both institutions/organizations and individuals. While the focus is on organizational agents in general, the role of individual agents especially policy entrepreneurs and so-called champions will also be discussed and expounded upon.

8.1.2 Motivations and drivers for policy transfer

Understanding motivations underpinning the use of foreign information not only helps explain where information is sought and the extent to which the agents learn from this information, but it also helps explain how this information is subsequently used.

Figure 14 simplifies the different types of transfer categorized by Dolowitz and Marsh (2000) in their policy transfer continuum and the corresponding motivations and drivers associated with each type as expounded upon in the extant literature. The underlying theories behind the driving forces are important in understanding the mechanisms of how these various types of transfers take place and in explaining outcomes. Weyland (2005), in his discussion of the diffusion of pension reform in Latin American countries provides a convenient nested-type of categorization for the various explanatory frameworks espoused in the extant literature to drive diffusion processes. Since the concepts of diffusion and policy transfer are similar in the sense that they deal with the movement of policies from one geographical space to another, Weyland’s categorization is adopted and applied to the policy transfer process. It is to be noted however that policy transfers are claimed to be more pro-active and deliberate processes so modifications were made to his categorization as depicted in Figure 14. This will be used as an analytical guide for this chapter.

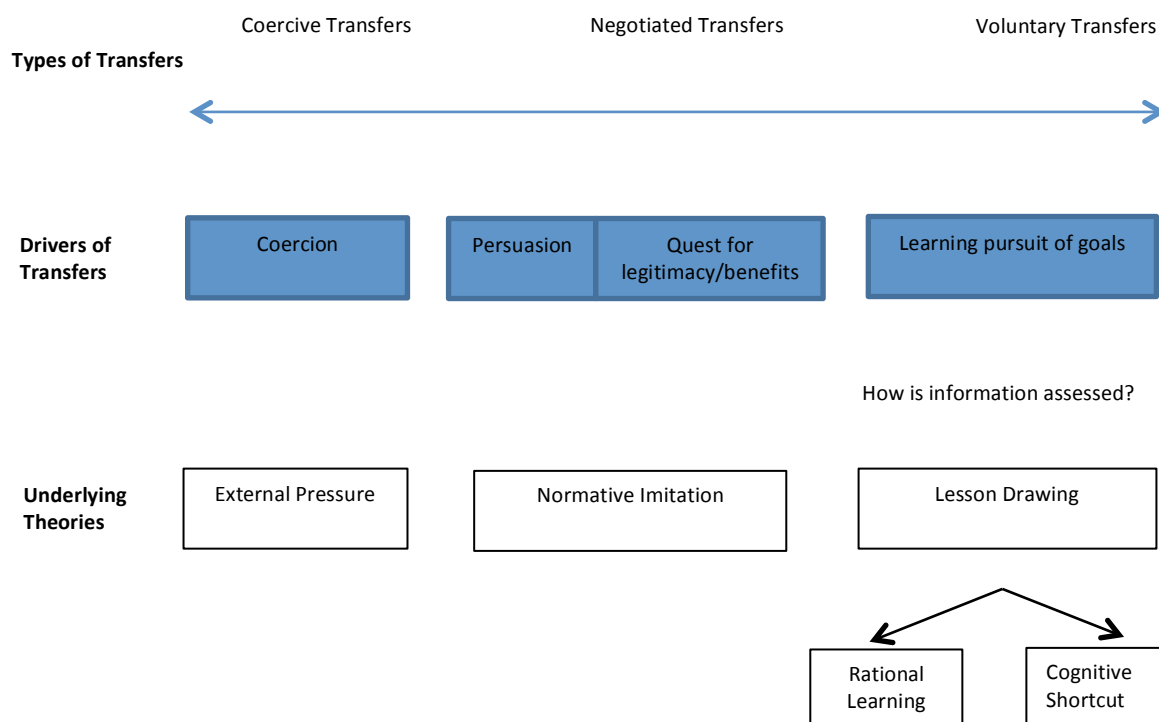


Figure 14. Types of policy transfers and underlying causal mechanisms and theories driving policy transfer processes

(adapted from Dolowitz and Marsh, 2000; Evans, 2004 and Weyland, 2005).

Dolowitz and Marsh (2000) argue that different motivations of key actors for the transfer process have an effect on the type of transfer that occurs. Policy transfers are claimed to be driven by exogenous or endogenous pressures (Simmons, Dobbin, & Garrett, 2009). Influences coming from agents exogenous to the adopting country abound especially in this age of globalization. When international organizations are involved, there is a tendency for coercion especially if conditionalities are present (e.g. loan/official aid with conditionalities). In some cases, governments are compelled to adopt policies from elsewhere by virtue of their membership to international institutions. This is explained by the external pressure framework (Weyland, 2005) and is claimed to describe many cases in developing countries. It is acknowledged that external agents can exert different types of influence but for this categorization, the external pressure pertains to the actions of powerful external actors imposing or coercing the transfer processes.

Over time the hegemonic role of international organizations have become more subtle as instead of coercing nation states to adopt their preferred policies and instruments, they are now persuaded especially by couching the policy innovations in “best practice” terms (M. de Jong et al., 2002). In this sense while external influences remain, symbolic politics (Stone, 1999) and the quest for legitimacy (Bennett, 1997; Sharman, 2010) leading to emulation and copying of policies can describe negotiated-type of processes wherein domestic agents voluntarily undertake transfers influenced by international agents. The pursuit of legitimacy as explained by the normative imitation framework highlights the need to conform to the norms of international society (Powell & DiMaggio, 1983). Another type of motivation for policy transfer commonly observed in negotiated transfers but rarely discussed in detail in the extant literature is one where organizations are compelled to adopt an external idea or policy due to accompanying incentives such as funding and other benefits—a transfer identified in this research as mainly driven by supply (also in Randma-Liiv, 2005) rather than on demand. This often comes from international organizations actively promoting solutions to developing countries tagged as best practice (M. Andrews et al., 2010). This commonly describes the case for foreign aid and is found relevant to this study. Where the desire for funding is greater than the commitment to policy reform, Matsumoto, King, & Mori (2007) claim that implementation is generally less than successful, however they have not undertaken any analysis why this phenomenon happens.

Domestic factors are also posited to explain policy transfers. Endogenous and voluntary initiatives arise from the rational search for solutions, which have been cited as the most common motivation for policy transfer (D. Dolowitz & Marsh, 1996, Rose, 1991; Bennett, 1997). If utilitarian interests drive transfers, the question of how policy makers assess the various policy alternatives and what drives them are relevant. The rational learning framework suggest that actors have the capacity to undertake a wide-ranging search for solutions and that they can assess all relevant information in a thorough and systematic manner before making a decision to transplant a policy. The cognitive heuristics framework on the other hand, reflects on the notion of bounded rationality. This approach draws upon findings in cognitive psychology that decision-making processes are inherently limited and agents do not weigh information in a fully rational manner but rather usually make use of inferential shortcuts to maximize their efficiency (Tversky & Kahneman as cited in Weyland, 2005).

These theoretical frameworks are hoped to inform the analysis of what drove the adoption of Ecowatch in the Philippines as well as to explain the disappointing outcomes of the policy transfer process.

8.2 Analyzing the Ecowatch transfer process

The motivations, characteristics and actor constellations are also investigated looking into the nature of the transfer and how this affected the outcomes/operationalization of the transferred policy.

8.2.1 Agents facilitating the transfer process

Two main actors were identified to be involved in the transfer process: the World Bank and the Philippine Department of Environment and Natural Resources. It has been widely documented that the World Bank has played a major role in the popularization of environmental performance ratings and pollution control. Their close contacts and work with the Indonesian government on various aspects of environmental management led them to support the development of the EPRD strategy at the onset and the success of the policy experiment led them to believe that it was a strategy worthy to be shared to the developing world. They acted as policy brokers when they approached the Philippine government to ask if they were interested in pursuing a strategy similar to Indonesia's. As explained by Bebet Gozun, former Department of Environment and Natural Resources Secretary in an interview (2013):

“It was World Bank who facilitated...not an idea but there was already an initiative in another country, and they asked us in terms of the policy...environmental management especially on the government side was purely regulatory-- command and control, and we saw that that has not really been effective so we were looking at other mechanisms. One of which is emerging in the world was the use of market based instruments... On the other hand aside from the market based instrument, we have public disclosure using the public—those that are the consumers to pressure the government and the private sector to do it right.”

On the one hand, World Bank was eager to test the feasibility of the new strategy as a means for pollution control and as such was looking to finance a similar program in another country. On the other hand, the Philippines was beset with issues on how to handle increasing industrial pollution and dissatisfaction with the status quo led them to be open to testing solutions from abroad. The Indonesian experience with EPRD was deemed a good example and a successful case and the Department of Environment and Natural Resources was thus quite receptive and very open to adopting the public disclosure approach.

One of the individual actors crucial in linking the Philippine government and the World Bank came in the person of Bebet Gozun, the National Program Coordinator of the Metropolitan Environmental Improvement Program (MEIP), a program established by the World Bank and

the UNDP with the DENR to design and implement solutions to environmental problems in the Philippines. As a consultant to the World Bank, she was exposed to the success of PROPER and in her capacity as coordinator for the DENR program MEIP, she also acted as an adviser to the Secretary of the Department of Environment and Natural Resources (DENR). She was thus strategically positioned to act as a mediator between the World Bank and the Philippine government and was instrumental in convincing then DENR Secretary Victor Ramos to apply the same concept of performance rating and public disclosure to the Philippine setting.

At this point, the extent by which agents were “pulling” or “pushing” the transfer and adoption of Ecowatch during the pilot implementation of the program is analyzed. The push of external actors may be instrumental in facilitating or initiating the transfer in the first place but it is the extent of the pull by domestic actors that was found to be crucial by de Jong and his colleagues (2003; 2007) with regard to adapting and making fit the content and form of the policy being transferred or transplanted. After all, pursuing and sustaining of the transferred policy initiative lies in the hands of implementing actors.

This study looks at the different groups of actors responsible for the transfer process and the subsequent adoption of Ecowatch. Table 20 presents the groups of actors responsible for the transfer and adoption of Ecowatch along with their roles and the degree of push or pull they exerted during the transfer and piloting process. The main domestic policy actor identified here as “internal” was the DENR and specifically the DENR-National Capital Region (DENR-NCR) as the implementing agency for the pilot program.

As had been described in earlier sections of this chapter, external agents such as the World Bank and its team of consultants were crucial in initiating the transfer process and thus gave the initial shove needed for the development of Ecowatch in the Philippines. The receptivity of the Philippine government through the DENR provided the initial (strong) reinforcement for Ecowatch.

Table 20. Agents and their roles in the policy transfer process (pilot program implementation) of Ecowatch

Agents	Role	Extent of push or pull	Classified with respect to DENR-EMB
World Bank	Knowledge broker	strong push	Foreign, external
DENR Officials (Executive Committee)	Approval of project, vetoing	strong pull	Local, internal
Consultants (foreign from World Bank)	Technical consultant	strong push	Foreign, external
Consultants (local) UP FERDFI	Technical aspects of the program	strong push	Local, external
MEIP Office	Facilitator and coordinator of project;	strong pull	Local, external
DENR NCR and LLDA	Involved in initial implementation as sources of information	Minimal pull	Local, internal
DENR EMB	Implementor of the program	Minimal pull	Local, internal

Policy brokers connected with the World Bank were keen on testing the idea of disclosure as a strategy for pollution control and to legitimize their role were therefore compelled to really make it work. The consultants hired specifically for the program undertook the design and formulation of the rating system. As such, they were obviously driven by their contracts to deliver successful outcomes. It is to be noted that not all of the consultants were foreigners. In fact, conscious measures were taken to ensure that local expertise was employed (through the engagement of the technical team from the University of the Philippines College of Engineering), so as to ensure that the program was adapted to local conditions. However it must be noted that even these local consultants were external to the implementing agency.

The MEIP IEPC office and staff also played a strong pull for the adoption of Ecowatch. In essence because funds were channeled through them, they had oversight of much of the program development. While the program was implemented in the geographical jurisdiction

of the DENR NCR and the LLDA, the MEIP IEPC was hands on in the implementation of the pilot program—they facilitated the discussions with the private sector to get them on board and to sign the Memorandum of Agreement and they provided oversight to the deliverables of the consultants. As a funded project with clear deliverables and targeted outputs, program coordinators and staff of the MEIP were answerable to the donors and had to report progress and outcomes.

While the DENR senior government officials approved and supported the adoption of Ecowatch, and hired and supervised the technical consultants to help develop and formulate the project, the involvement of agency staff specifically DENR NCR (and later on the Environmental Management Bureau or EMB) in the actual implementation of the pilot run was actually found to be minimal. On the ground pollution inspectors/officers of the DENR NCR claimed in interviews that they mainly acted as sources of information and that they did not conduct the actual “run” of the program themselves. NCR staff declared their role was “*mainly as supplier of information*” and that “*the consultants did everything*” (DENR NCR, interviews). While they provided feedback on the criteria and guidelines to be used, they were not the ones making the final decision about the design of the program and its operationalization. They also participated in the inspection, monitoring and validation activities, however the actual “run” of the pilot program that included analyzing the information and all the way to coordinating the public disclosures were all undertaken by personnel deemed external to the DENR EMB. Even the act of mailing advance notifications to the companies prior to disclosures were undertaken by staff of the MEIP and not the DENR NCR (Afsah et al., 1997). The project team tasked to test-run the idea was in effect composed of the MEIP staff and consultants. They had the financial resources, technical capacity and most importantly the drive and motivation to make the program functional. Again it is pointed out that these people who operationalized the program and made it work were still *external* to the implementing agency. (It is to be noted that one of the main policy brokers, Bebet Gozun the program coordinator of MEIP later on became Secretary of the DENR. It was only then when she became an integral part of the organization (internal) that she was able to rally and champion Ecowatch to revive it from its inert state to be revised and legalized through a Departmental Administrative Order).

This later on proved problematic as the inspectors had trouble applying the criteria and they did not have experience in running the program by themselves. It has been shown that the transfer process was driven mainly by actors (not just foreign but also domestic) who were deemed external to the implementing agency. Local and internal actors within the DENR did not have the chance to “pull in” the program and to adapt it to their needs. Furthermore, this did not contribute to their ownership of the program. Lambino (2013b) has shown that there

was in fact a widespread lack of acceptance and buy-in for the disclosure program within the bureaucracy, which contributed to the dysfunctional operationalization of Ecowatch. This is in contrast with the experience of the PROPER program development in Indonesia. BAPEDAL also benefited from foreign technical and financial aid but even when these were withdrawn, domestic actors directly involved with implementation were able to fashion and work out the program details according to their needs.

All information about PROPER including the lessons learned and the contextual factors that made it successful were routed through the policy brokers who facilitated and shared the information to the Philippine side. During the actual transfer and development phase of the EPRD program in the Philippines, there was limited contact between the DENR agencies and BAPEDAL so the local agency had limited opportunity to analyze in detail how exactly BAPEDAL made the program work.

A deeper look at the pilot run of Ecowatch during the period 1996 to 1997 indicates that the success of the piloted Ecowatch can be attributed to the fact that its implementation was driven mainly by actors who had more at stake in the success of the transfer process. As a policy transfer financed by a multilateral institution, this case faces similar constraints as those plaguing environmental aid. Keohane (1996) identifies some factors that are crucial in sustaining donor-driven environmental projects—the need for political commitment that must be durable and bureaucratically widespread, and capacity to be able to carry out the project once external support is withdrawn.

8.2.2 Drivers for the transfer of environmental disclosure program in the Philippines

What drove the adoption of public disclosure programs in the Philippines? Was there pressure from external sources or did the Philippine government exercise a search for solutions? The motivations for the adoption of Ecowatch were also fleshed out in the course of the research.

The strong influence of the World Bank in the adoption of EPRD in the Philippines cannot be discounted and therefore the external pressure framework was initially thought to be a prime motivation for the adoption of EPD in the Philippines. The World Bank was eager to test the feasibility of the new strategy as a means for pollution control and as such was looking for other cases to build up on their research. They acted as transfer broker or policy entrepreneurs. However this study has found no evidence of direct imposition or coercion. The Philippine government was by no means forced to adopt the policy based on conditionalities from international aid. The support provided to the Philippines was based on a grant to develop and pilot test an information disclosure-based regulatory strategy. When the World Bank brought up the idea of adopting a program similar to Indonesia's PROPER, the Philippine government's response was a strong *"Yes, we were very interested"* (Gozun, interview 2012).

At the time, policy makers in the Philippines were on the look-out for solutions to the increasing levels of industrial pollution in the country and were looking at other mechanisms as regulatory mechanisms has been found not to be effective. Public disclosure systems were seen to be a promising solution matching the needs of the Philippine government. This was confirmed by another high ranking DENR official at the time who stated that the motivations of adopting Ecowatch were based on *“Two considerations-one was strategic-industrial pollution had risen to a higher priority. We were concerned about our inability to manage it effectively. Two-opportunistic. The World Bank gave an opening which we saw could help us address a strategic objective”*(La Vina, personal communications 2012).

These statements from the domestic policy actors involved in the transfer process, suggested that domestic policy makers had autonomy on the one hand. On the other hand, the DENR also saw an opportunity in accessing technical and financial assistance from the World Bank. Furthermore, the normative influences of the World Bank cannot be discounted entirely especially as they played a major role in the transfer process. The underlying theories behind these drivers will be discussed in turn.

8.2.2.1 Lesson Drawing and Cognitive Shortcuts

Domestic actors were quite willing to undertake the adoption of the policy, which indicated that the Philippine environmental department was driven by their interest in resolving the rising pollution issues, caused by industries and as such behaved as rational actors. However, it was found out that Ecowatch was not a product of a wide ranging, systematic search and assessment for the best solution as described by the rational learning frameworks for policy diffusion.

Information about the novel policy developed in Indonesia were made available to the Philippine policy makers by knowledge brokers of the World Bank. Despite the relative newness of the performance rating and disclosure innovation at that time and a short track record, the Philippines was quite eager to try it out by virtue of the program's success in Indonesia as perceived by the international community. The limited information about PROPER suggested that domestic decision makers used cognitive shortcuts in transferring the program to the Philippines. Further analysis was undertaken to look into the cognitive heuristics framework and to find out if the three primary inferential shortcuts of availability, representativeness and anchoring described in cognitive psychology regarding how agents decide under cases of uncertainty (see Tversky & Kahneman, 1974 for a deeper discussion) can provide an explanation of Ecowatch adoption. The availability heuristic attributes the tendency to attach importance to information that is tangible, immediate and present. High impact, dramatic or spectacular events capture attention and influence judgments and

behavior. Neighborhood effects are claimed to be caused by this heuristic and this can be seen in the case of the environmental public disclosure policy. The enthusiasm and attention generated by the pollution disclosure policy in nearby Indonesia was something that prompted the Philippines to undertake the same. Next, according to the representative heuristics, what guides decisions on whether to adopt a model or not, is the emphasis on short-term success and immediate outcomes. Such shortcuts allow decision makers to over-interpret and over-estimate information—in this particular case, the Philippines had such high hopes of replicating the experience of Indonesia leading the country to be the first (early) adopter of the policy instrument. In the technical briefings to the press and public and launching of the program, the Philippine government continuously invoked the success of Indonesia's PROPER as a means of justification of the policy. However, some literatures have since watered down some of the enthusiasm for these type of strategies by indicating various factors and pre-requisites that make these programs work (Blackman, 2010; Van Rooij, 2010). The third heuristic commonly used by agents to decide pertains to anchoring, where an undue weight is given to an initial value and thus affecting subsequent assessments. This shortcut explains the tendency for restricted adaptation and in the words of Weyland (2005), it “limits the range and preserves the basic nature of the imported model”. The Philippines followed the template of PROPER and while adaptations were undertaken, it was limited to peripherals. The foregoing discussions indicate that the manner of lesson drawing for this particular policy transfer is best described by the cognitive heuristics framework.

8.2.2.2 Utilitarian Motives

Another aspect that served as a factor in the transfer process was the window of opportunity cited by former DENR Undersecretary La Vina that provides evidence of the utilitarian motives –the added value of funding and technical assistance. While the Philippines in general is no longer considered an aid-dependent country (Hailu & Shiferaw, 2012), governmental departments in the past have relied heavily on foreign assisted projects and grants to fund its operations due to limitations in its own internal budgets. The DENR in particular is one of the departments receiving the smallest appropriation from the national budget. Data show that DENR's expenditures for 1998 was just about 0.8% of the national budget. Furthermore, most of the budget is spent on personnel services (some 85%) with very little allotted for operations and capital expenses. During the 1990s, the DENR Environmental Management Bureau did not have equipment for water sampling and analysis and had no means to monitor the more than 10,000 industries under its regulation (Asian Development Bank, 2008). As such, DENR has had to rely heavily on foreign assistance in order to bridge their funding gaps and to be able to meet their operational objectives (ibid). It is no wonder

then that when international aid agencies offer grants for program implementation, the Philippine government would be quite open and willing to take them on. The funding incentive to test out a particular strategy in another jurisdiction tagged by Connolly et al. (1996) as “solutions looking for problems”, would make it highly likely that this particular program adoption will be driven more by supply. Cash-strapped environmental agencies will find it irresistible not to accept whatever aid is offered especially if the proposed solution is deemed relevant to the issues they are facing.

8.2.2.3 Quest for legitimacy

Another more subtle way of influence that international institutions have is through the promotion of policies or innovations as models. This has the effect of convincing and prompting countries to adopt these models by reshaping their preferences (Weyland, 2005). This behavior to attain greater legitimacy through the adoption of practices vouched by external agents is also attributed to institutional isomorphism and is said to be commonly seen when entities are highly dependent on external constituencies for resources (DiMaggio and Powell, 1983), as is the case for developing countries like the Philippines. Andrews (2013) regards this behavior as a form of signaling to ensure that entities like governments in developing countries are able to attain as well as retain external support and legitimacy. Often, these efforts are rewarded with external perception of government effectiveness.

For the case of Ecowatch, because of the presence of the World Bank, the norm-emulation mechanism can also be seen to be at work. The World Bank was able to influence the adoption process not through coercion but through persuasion—by making the adoption of the Indonesian PROPER model attractive to the domestic agents in the Philippines. It is to be noted that the Philippines is an active participant in the international environmental arena and is said to be one of the most responsive with regard to environmental management in Southeast Asia (Tan as cited in Florano & Prieto, 2008). It is also one of the countries with the most multilateral environmental agreements signed with a strong procedural compliance (meaning, it dutifully abides with procedures such as report submission etc.) however substantial improvements in environmental conditions have yet to be reported (ibid). It has continually looked to the international sphere for ideas and been quick on the uptake for any policy trends or fashion and as such is likely to be strongly influenced by international norms. For example, when market based instruments, environmental certification systems started to be in vogue internationally and the Philippines learned that other countries have adopted it, the government also learned to set up environmental user fees and other programs such as Eco labeling systems. So when the information-based regulatory system model was developed, the Philippine government was quick to take it up for implementation.

This study finds that the impetus for adoption of Ecowatch were actually three-fold: as a means to gain legitimacy, as a sincere desire to generate a solution to a domestic problem and as taking advantage to access funding and technical expertise. Because of the manifest benefits that may be achieved through the process, this study describes the phenomenon observed as an opportunistic-driven policy transfer. Certain features arising from the theoretical underpinnings of the drivers of the process serve to explain the outcomes observed for the transfer process. This is the subject for the next section.

The many on and off implementation and revivals over the years and its subsequent dysfunction and sub-optimal operationalization generate some interesting questions. Despite its potentials and promises, why was the success of the pilot implementation of Ecowatch not sustained? What are the challenges in embedding this program into another context? What are its implications for the actions of agents of transfer?

8.3 Features of the opportunistic transfer process

The involvement of external and internal agents in opportunistic policy transfers creates dynamics that generate characteristic features of the transfer process. It was observed that external agents had a major role in the choice and actual design of the policy. The underlying theories also created certain biases for actors, which led to constraints in the adaptation and contextualization processes crucial to making policy transfers, work and become effective. The features of the transfer process that was observed based on document reviews and interviews in the course of the research are described below. This study argues that the drivers for the transfer process affected the manner of transfer leading to less adaptation and contextualization by focusing on one model and best practice and focusing on the solution rather than the problems.

8.3.1 Focus on one model and best practice

Numerous accounts have been documented about the folly of direct copying of policies (see for instance Sharman, 2010). However, for the adoption of Ecowatch, consultants who were involved in setting up the system in Indonesia were brought in to the Philippines with predetermined contracts to continue working on the template that had been developed and not to develop a separate design. The funding for the project was based on the assumption of testing and promoting the EPRD strategy and did not leave much room for experimentation by the Philippine side. As is characteristic of a grant or funded project, the DENR was constrained to adopt the particular instrument being modeled, in this case the EPRD similar to Indonesia. Another characteristic of grant projects are the programmatic operational system, which ensures or oversees allocation of resources funds as well its justifications. Pressure to

abide and make sure that program goals, objectives or targets are fulfilled or subscribed to. Any deviations in plans or programs or activities need to be justified to donor agencies. Therefore, donors keep close tabs on the workings of the program. On the one hand this is positive in that it keeps the program on their toes and ensures smoother operationalization; but it can also be limiting and a burden in terms of staying as close to the program design and path so as to leave little room for adaptation and improvisation which is such an important part of program implementation.

At the receiving end, the Philippines was more than willing to take on this same strategy—it was after all lauded as successful and promising. Since it worked in Indonesia, it was assumed that similar results will be generated in the Philippines. The inferential shortcuts exhibited by Filipino policy makers led to biases with regard to the range and scope of the lessons they can draw from experiences abroad as well as the adaptations they can make to suit the policy to their particular context. The availability of a promising solution offered by the Indonesian model to a real problem found domestically put the agenda in the plate of the Philippine government, rendering the search for other versions of the solution over. The representative heuristics convinced them to adopt the policy based on short-term evidence of the success presented by PROPER and anchoring confined the adjustments to the policy at the micro-level without substantial alteration to suit the specific needs of the Philippine context. Aside from failing to consider other models of information-based systems such as the Toxics Release Inventory in the US and Pollutant Release and Transfer Registers found in many developed and developing countries, as well as looking at the Philippines' own experience in successfully implementing honoring and shaming programs previously (i.e. DENR version of Dirty Dozen in the 1980s and Poison Awards implemented by a local NGO, Sagip Pasig Movement), this type of transfer carried some risks such as context oblivion (Toens & Landwehr, 2009), filtering of information and denial of learning results.

Other studies evaluating the efficacy of a Public Disclosure Program in the Laguna de Bay Region in the Philippines that is essentially a regionalized version of Ecowatch (and also modeled after PROPER), indicated that the PROPER template may not be the most appropriate for the context of the Philippines (Lee, Lejano, & Connelly, 2013; Lambino, 2013a). Lee and his colleagues found that flaws in the design of the program led to ineffectiveness and that there were degrees of incompatibility with the institutional context (ibid). They recommend redesigning of the program to correct the mismatch between the disclosed information and target users. Their suggestions include involvement of other stakeholders (e.g. NGOs) in data verification processes—a design element found in the successful implementation of the NGO-initiated disclosure program in the Philippines called “*Lason*” or Poison Awards; and making available raw pollution data—a design element

found in the TRI and PRTRs. Thus, the adoption process would have benefited from looking at other models of information-based systems applied for environmental regulations and learning from previous endogenous programs instead of a narrow focus on best practice templates.

8.3.2 Focus on solutions vs. problem solving

Transfers associated with international best practices also create inordinate attention on the prescribed solution rather than the problems it aims to solve. In the case study, the transfer process was premised on adopting a version of Indonesia's PROPER template, so it was not surprising to observe that the pilot program was heavily focused on the program details right from the start and in demonstrating that the program can be implemented. Consultants were busy designing the data collection and reporting format and developing the computerized rating system even before the whole concept of using rating and disclosure as a regulatory strategy had general agreement and consensus within the implementing agency (especially at the implementing agent level) or even that computerizing it would be useful. This issue became evident later on when the acceptability of full disclosure of the results of the rating system continue to be debated on and off by the EMB in various evaluation workshops for the program and there was unwillingness for a full disclosure of rating results (Lambino, 2013b). The downside of focusing on program details became obvious when the computerized rating system was never used after the pilot program. In the 1990s, computers were not common or staff barely knew how to use them. While there were attempts to utilize the Ecowatch computer model that consultants painstakingly formulated, for some reason or another it proved to be unfeasible and eventually was not downloaded to the regional offices. All performance ratings since 2005 have been carried out manually. Most of the current implementers are not even aware of the existence of a computer program generated for the purpose of more efficient rating and disclosure. In fact, the Laguna Lake Development Authority when they developed their own public disclosure program in 2005 had to develop their own computer program to be able to generate automatic ratings.

This is consistent with Randma-Liiv (2005) who claim that those facilitating aid-related policy transfer often are focused on generating action and outcomes rather than “retrospective reflection” which includes previous success stories and failures. This finding also comports with de Jong and Xi Bao (2007) who assert that transplanting specific program details are more problematic and can impede the transfer process rather than just borrowing general ideas and concepts and then suiting them to one's needs.

The solution was the one driving the policy development process. Despite an overview assessment of the limited capacity and resources available within the DENR, (i.e. the lack of

inspectors, equipment and even computers for the data management envisioned by the pilot), the pilot program's design was ambitious and optimistic that these limitations will be addressed during operationalization. The Ecowatch pilot program called for more consistent sampling and inspection activities. But an evaluation of the program undertaken in 2003 indicated that this was a significant drain on the limited resources of DENR and was considered unfeasible (REECS, 2003).

A focus on problems rather than the solution per se would have pointed out that the need was more urgent for how information can be generated, organized and managed in the first place considering that information management systems at the time were non-existent. In interviews, DENR staff involved during the pilot phase indicated that the rating software developed was quite simple—described as “keyboard punching only” by one staff, while another said manual analysis was better than the software as the computer was not perfect. The latter expressed that there was really no need to have a consultant to do the actual software as it can easily be done manually using the point system (DENR NCR staff, interviews). What was really needed was a way to improve credibility and reliability of the monitoring and data gathering capacity of the EMB. It was also essential to convince the EMB that systematic data collection, its analysis, management and dissemination are important for monitoring and enforcement as well as to develop the capacity for undertaking these. And more importantly, issues linked to public disclosure needed to be threshed out. Because the transfer process was concentrated on details of the program based on the template, there was less input on protocols as well as prerequisites of disclosure programs such as a functional information database, enforcement consistency and disclosure strategies.

The study also found that lesson drawing was limited to a certain extent mainly because of the primacy given to the solution itself. All information about PROPER including the lessons learned and the contextual factors that made it successful were routed through the policy brokers (mainly consultants of the World Bank) who facilitated and shared the information to the Philippine side. During the transfer and development phase of the EPRD program in the Philippines, there was limited contact between the DENR agencies and BAPEDAL so the local agency had limited opportunity to analyze in detail the contextual factors and how exactly agents of BAPEDAL made the program work.

Moreover, the Philippines was an early adopter of the program. The program was only in its first few years of implementation in Indonesia when the Philippines adopted a similar approach and as such, may be considered still very much experimental. The empirical researches on the mechanisms that made PROPER work and documenting of the lessons came much later and as recent as the previous years (see García, Sterner, & Afsah, 2007; Blackman et al., 2004; Lee, 2010; Afsah, Blackman, Garcia, & Sterner, 2013). However,

even at the onset, exposure and analysis of the PROPER implementation in Indonesia could have led to a comparison of the institutional and contextual factors that were crucial for success of the program. For example, it would have been observed that in Indonesia, a committed team from BAPEDAL was very much involved in the development and formulation of the program. And that part of the reason why PROPER was successful and “easier” to implement was because of the agency’s experience with other programs entailing ratings and disclosure—essentially, PROPER was an extension of an existing program and built up on existing capacity (Afsah et al, 2013). Whereas in the Philippines, the program had to be accommodated within the regulatory structure of the DENR and new institutions needed to be set up. Ecowatch called for a new monitoring system, new ways of analyzing data and new channels of “enforcement” (presumably through the public channel if disclosures were activated). This entailed new kinds of commitment and capacity from the DENR (Lambino, 2013b) which later on hindered optimal operationalization of the program.

8.3.3 The role of champions and distributed agency

Individual agents in the form of domestic champions were found to have played a strong role in the transfer and setting up of Ecowatch in the Philippines. One of the main reasons why Ecowatch was adopted in the first place was the strength of the political will of DENR top officials to solve the issue of rising pollution.

Then DENR Secretary Vic Ramos was a technocrat whose stint at the DENR in the late 1990s has been claimed to be described by an international magazine as ushering in the first green tiger of Asia. Bebet Gozun, the project coordinator of MEIP who facilitated for EPRD to be adopted in the Philippines was also instrumental in reviving it from its inert state when she assumed the post of DENR Secretary in 2003. For this effort, she was in fact a recipient of the UNEP Champion of the Earth—literally recognized as a champion. It is to be noted that public disclosure requires strong political will especially as negative exposure means the possible lashing back of powerful business entities. Furthermore, political commitment has been identified in literature as an important factor for project effectiveness (Keohane, 1996: 335)

But when Bebet Gozun stepped down as DENR Secretary in 2004, it was noted that EMB had difficulty in using this strategy effectively. It seemed that there were no champions for the program within the implementing agency of DENR that were developed in the course of the policy transfer process.

For Indonesia’s case, it was undeniably through the initiative and championship of Nabel Makarim, former Deputy at BAPEDAL and former Minister of Environment that brought

about the formulation, implementation and success of PROPER. However what may be overlooked is the fact that he had a team of equally dedicated personnel, which ensured the latent implementation capacity of the program despite it being shelved for a period of time due to the Asian Financial Crisis (Afsah et al., 2013), making it easier to revive in 2002.

The notion that strong political will and agents are crucial to institutional or policy change is undisputed. Individual champions, policy entrepreneurs and “leaders” have been identified as prime drivers of policy. Steinberg (2003) in his work detailing how conservation development blossomed in Costa Rica in the 1970s and Bolivia in the late 1980s has identified the role of individuals who, as bilateral activists, have wide connections with the international sphere as well as deep networks with the domestic domain. However, literatures on reform and institutional change while not necessarily downplaying the role that individuals such as champions, institutional entrepreneurs and bilateral activists have in instituting change, have stressed that a broader range of agents are important in implementing and sustaining policy change. Moreover, the exercise of leadership for development or institutional reform is usually undertaken in the plural rather than the individual and this makes for successful policy reforms (M. Andrews et al., 2010). Some authors such as (Whittle, Suhomlinova, & Mueller, 2011), Andrews and his colleagues (2010) have pointed out the disadvantage of a reliance on individual champions and argue instead for the notion of “distributed agency” which places the actualization of a policy or plan in the hands and influence of a much wider range of actors. The notion of distributed agency emphasizes the role of other actors such as mid-level managers all the way to field implementers in embedding and operationalizing a given policy or program. Andrews (2013) finds that “new policies can demand behavior or require capacities that distributed agents do not have and as such it is important that they be engaged as early as the reform process during the design and not just as late-stage adopters”. He cites studies that indicate higher rates of diffusion (and positive implementation) of the policy innovation were correlated with high rates of participation in change decisions. The case of Ecowatch points to the importance of how domestic champions are approached and the salience of building strong and loyal coalitions for the policy reform across various tiers of the adopting agency.

8.5 Chapter Summary

This chapter has focused on analyzing several features of the transfer process to gain insights into the dismal outcomes of an otherwise promising policy innovation. The analysis indicated that the motives behind the uptake of the EPRD system in the Philippines were found to be subjected to political, technical and economic influences. The adoption was prompted by

domestic actors' sincere desire by to generate a solution to a domestic problem, as a response to normative influences and as a means to access funding provided by an opportunity window. The legitimation framework and cognitive shortcuts employed by Philippine policy makers in decision making worked in tandem to generate certain features of the transfer process. Cognitive shortcuts influenced the decision-making processes by limiting the choice to the model offered by Indonesia. External influences brought with it best practice templates which were assumed to work with some modifications due to contextual considerations. However, the focus on specific program details and demonstrating that the solution worked impeded the process of contextualization and overlooked the need for considerable adaptation. The prominence of external agents and domestic champions led to the successful demonstration of a pilot program, however this was not sustained because distributed agents within the bureaucracy were not engaged deeply. This study finds that domestic champions are important especially in initiating policy changes or innovations but the main work of institutionalization and sustaining a particular policy change initiative needs not just the buy-in, but the engagement of a much wider set of actors. For Ecowatch, the lack of "pulling-in" of the agents internal to the implementing agency became a factor in its dysfunctional operation.

Chapter 9: Explaining persistent dysfunction

The analyses in the preceding chapter argue that the characteristics of the transfer process led to the dysfunction of the program. What the study finds is that this dysfunction was not a one-time phenomenon wherein agency implementors faced challenges in operationalization and stop there. In fact, investigation of the program reveals that the dysfunction persists despite various attempts at amending the program.

At this point, the research is concerned with why and how the policy and program lives on despite the significant lack of indication of success. This chapter explores further explanations for the persistent dysfunction by sifting through the reasons to the question: “Why, despite the observed dysfunction by implementors and researchers alike, does Ecowatch continue to be pursued as one of the national strategies of the EMB for pollution control”?

This study posits that minus the external influence framework, the other mechanisms underlying the decision to initially adopt and implement the policy are maintained and continue to be at work that would account for the continuation of the established practice of Ecowatch. Furthermore, the study finds it useful to delve into an initial discussion honing in on the policy termination literature which basically finds that despite inefficiency or redundancy, termination of policies or programs are generally rarely undertaken (Jann & Wegrich, 2007; Geva-May, 2004). Reasons for this are explored and the discussion focuses more on policy inertia rather than the notion that policy termination is being recommended. Moreover, the study looks into the responses of the agency to the persistent dysfunction and analyzes the evaluation processes undertaken for the program.

9.1 Isomorphic mimicry: good looking form without function

If initially external actors were influential in putting in place the disclosure program strategy in the Philippines, when external support ended with the pilot program, domestic agents took on the main role of policy development and institutionalization of the program. Initially, there were high hopes and expectations for Ecowatch especially as the pilot phase was able to demonstrate some clear and verifiable outcomes. But eventually when challenges in operationalization and political support for the program cropped up, despite a number of assessments and evaluations undertaken and no concrete evidence of efficacy, the program is

revived or amended time and again. Aside from the fact that the environmental agency was stuck with the legacy of the policy transfer process facilitated by the World Bank, it is surmised that Ecowatch continues to be pursued because of the legitimacy it helps to confer to the governmental agency. It is after all, an innovative environmental policy and deemed as an inexpensive program to operate.

Ecowatch provides the environmental agency with a good-looking policy even without its function. It enables the Philippine government to signal to the international community that it is forward-looking and has embraced global standards and norms with regard to addressing domestic pollution issues. Along with other public disclosure programs (especially Indonesia's PROPER), Ecowatch has been lauded in the international community for its innovation and the immediate outcomes observed for the pilot phase. It has served to beef up the portfolio of public disclosure strategies as an environmental regulation innovation and reinforced the "best practice" template, which other countries are trying to emulate. Promoting programs such as Ecowatch confers legitimization upon various levels of agency—from the organizational level to individual agents. Table 21 presents a table providing a listing of some evidence for documents highlighting and reporting the Ecowatch as an established and ongoing program of the DENR in the Philippines.

Ecowatch has been highlighted and included in various reports, presentations, statuses, as part of a menu of programs and policies that DENR EMB has been undertaking. In international conferences monitored for the period 2009 to 2012, officials and staff of the DENR and EMB presented Ecowatch as one of the programs of the Philippine government supporting the "greening industry". These include conferences such as the International Conference on Green Industry in Asia, which provided an arena for high level policy makers to discuss various measures for resource efficient industries in Asia, the Switch Asia Networking Event in 2010, APEC Green Innovation Conference in 2011 and an International River Summit in 2012. One of the regional coordinators for Ecowatch commented that during international conferences, government participants usually go about boasting their national programs. He claims when he mentioned and discussed Ecowatch during the meetings, other participants in countries like Mongolia or Malaysia think it is a good program and might emulate the strategy too (Region 3 coordinator, interviews 2013).

Table 21. Framing of Ecowatch and organizational/individual legitimacy

Documents/Reports/ Presentation	Content/Framing	Legitimacy of agents
International Conference on Green Industry in Asia Sept. 2009	Presentation mentions Ecowatch as one of the DENR programs supporting Greening Industry	Organization to international community
Switch Asia Networking Event 2010	Usually with other programs that DENR uses to support local industries' shift to green operations such as PEPP and CDM	
APEC Green Innovation Conference 2011		
International River Summit 2012	Report on impact or outcomes not included; just description of the program highlighting the innovative characteristic of the policy	
Annual Accomplishment Reports of DENR EMB from 2004 to 2012	DENR EMB consistently report Ecowatch activity outputs such as number of industries rated and their corresponding color codes; no discussion on outcomes/impacts	Organization to constituents/stakeholders (domestic level)
Press Releases of DENR Secretary 2008/2009	Re-launching of Ecowatch; and to expand criteria to cover air quality	Individual actors

Aside from gaining legitimacy from the international sphere, having Ecowatch as an established national program is also a form of signaling to local constituents that the DENR is “doing something” about industrial pollution. The annual reports of the DENR also consistently report activities undertaken for the program such as the number of industries rated as well as the breakdown in number of industries per color-coded performance category. In EMB Annual Reports for 2009, 2010 it is defined as “a public disclosure program where

the industrial and commercial establishments will be color rated based on their environmental performance and the said ratings will be made public.”

Press releases from the Office of the DENR Secretary monitored in at least 3 national newspapers detailing the re-launching of Ecowatch in 2008 and 2009 indicate the intent of the department to strengthen and fully operationalize this program. In these press releases, the DENR through the Secretary himself explained the expansion of criteria to include air quality monitoring and not just water quality monitoring. This has served to boost the then incumbent Secretary’s image as a leader in terms of combatting industrial pollution and ensuring the greening of industry. It is noteworthy however that interviews with DENR EMB staff indicate that this same government official withheld the release of Ecowatch disclosure results in 2008 citing political reasons and the official’s ties with businesses rated negatively under the program (DENR EMB staff interviews, 2010).

What is common in all the documents monitored is the framing of the program as a public disclosure strategy and as an innovative environmental policy. This, despite the fact that public announcement of the ratings and full disclosure was never undertaken. Although the documents do not share or present the results of the program, mere reporting of the presence of such a program enhances the legitimacy of the DENR to the international community as an active advocate of “Greening Industry”. These also serve to “signal” to the public in general that the government agency is serious about water quality management and addressing environmental pollution from point sources.

Literature has pointed out that sometimes entities such as governments or organizations may be quite aware that a particular policy may be technically ineffective and yet, these are pursued or proclaimed because of the greater value on the social pay-offs among domestic and foreign audiences (Weyland, 2005) such as legitimacy that innovative policies confer. In most cases, decoupling is said to be common among organizations copying an external model for the sake of legitimacy (Meyer et al. 1994 as cited in Katsumata, 2011). Decoupling here is to be understood as the difference between the actual practice and the external model.

Some authors have linked policies with good-looking form without function (*de jure* vs. *de facto*) as legacies that the adoption of best practices templates from the international sphere brings about (P. Evans, 2004; Pritchett et al., 2010; Andrews, 2013). These authors have exposed the dangers that such processes generate—the most glaring of which is the pursuit of ineffectual and wasteful policies.

The study takes up some elements of the proposition (L. Pritchett et al., 2010) that implementation failure which is not only one time but is persistent, is a manifestation of flaws

in the theory of change. In analyzing why country capabilities are still not improving despite engaging in development initiatives and why there is considerable widespread implementation failure (especially in developing countries), they argue that the practice of isomorphic mimicry as an organizational strategy facilitates this outcome. Isomorphic mimicry has been identified by Pritchett et al., (2010) as a technique of failure.

The importation of models from the outside as a result of normative imitation or mimicry is often predicted to produce policy ineffectiveness and dysfunction. Empirical evidence have been provided that the type of policies that countries often need to address a particular problem are not always the ones that they actually adopt (Lee and Strang, 2006 as cited in Weyland).

Aside from the underlying theory of normative imitation, the cognitive shortcut framework found to be employed by policy makers during the pilot phase may be seen to be at work in the continued operationalization of Ecowatch. The rationale and justification for several of the revivals of the program continue to be based on the initial conclusions for these types of strategies—namely, the success of Indonesia’s PROPER and the results of the pilot program. However, notwithstanding the optimism of earlier studies, recent scholarly articles have casted doubt on the net effectiveness of these strategies and the notion that it is a panacea for pollution control. For example, Blackman (2010) has warned that disclosure-based environmental regulations may simply be a “deus ex machina” –policies which create a fallacy that regulators are making progress on environmental problems when they actually are not. Van Rooij (2010) also cautions on the use of various forms of non-state regulation such as disclosures because they favor polluting firms who may welcome these strategies because often than not, they are paper tigers and not real threats.

In the case of Ecowatch, one of the DENR regional focal person for Ecowatch states:

“ The companies know that although EMB is strict, it has organizational weaknesses—the laws are strict..if under the law, your score is 1 and you pass but if 0 you do not pass...even if .001, it still is not a passing score. But the companies wonder if EMB can handle it, if they have the capacity...sometimes, if higher officials command, no one can counteract it...there is politics, it is strong, we have not yet gotten away from that”

9.2 Policy inertia

Any given policy cycle of a particular policy or program encourages continuous agenda setting, policy formulation (in this case reflection and redesign), adoption, implementation and evaluation. The cyclical nature of this approach implies that there is ongoing feedback

and updating of a policy after evaluation to re-formulation. One of the options other than policy reformulation available for policy makers after evaluation, is actually that of policy termination. For any given policy, the possibility of policy termination should not be discounted especially if the policy has run its course, the problem has been solved, or has been found to be redundant or inefficient. However it seems that despite the pragmatism of the termination process, it is said to be rarely undertaken in reality (Jann & Wegrich, 2007).

The literature has pointed out that policy implementors tend to avoid termination due to organizational needs for persistence, stability and equilibrium. In cases when policy evaluations call for a total revamp of the policy, adaptations or innovations are favored instead of policy abolishment. In the literature, factors that make policy non-termination attractive include: reluctance by politicians to destroy an existing program set-up, the limited availability of alternative options, institutional permanence, the presence of anti-termination coalitions and high start up costs, among other things (Geva-May, 2004).

It seems that once the policy has been formulated, it gains a state of inertia, which is difficult to escape. The Ecowatch program is a legacy of the policy transfer process discussed in preceding sections, and it provides an example of this phenomenon. The incoherence of a full public disclosure strategy with the existing normative and cultural-cognitive aspects of institutional life within the DENR-EMB as expounded upon in Chapter 8 of this dissertation, is seen as a major stumbling block for the effective operationalization of the program and can be a possible justification for its termination. However, the various administrative assessments for Ecowatch have only led to its amendment, modification and revision but there have been no discussions or recommendations for letting go of the program, as monitored in reports and evaluations. Interviews with the head of the Legal Division of the EMB¹³ on the processes of amending or repealing the DAO reveal that amendment and modification is more likely to happen:

“After around 5 years, the DAO is reassessed. The bottom line question is: Have the objectives embodied in the DAO been met? It’s like cost benefit (analysis). If yes, let it continue, and further strengthen operations. If no, why, what is the reason? What is the recourse...amend or modify”

It is to be noted that in the preceding statement, the recourse options were to amend or modify but there was no initial discussion of the possibility of termination.¹⁴

¹³ who also sits as one of the members of the TEC for Ecowatch

¹⁴ In the course of the interview, termination was discussed only after it was brought out by the author.

The question of the possibility of scrapping a policy in general was actually brought up in other discussions by the author with the Secretariat of the Ecowatch program. The head of the Ecowatch Secretariat believes in general that if an evaluation indicates that a program is not working, it should be scrapped because it is just a waste of time and effort (Ecowatch secretariat, interviews July 2013). However, she claims that no such kind of evaluation has been conducted for Ecowatch program to date and as such termination has not been considered. A concern for roles and positions within the implementing division and individual job tenure and security may also help explain the reluctance to consider or propose termination of a program or policy. For instance, in the case of Ecowatch, the Secretariat functions are placed upon a program office and only 2 out of the 6 staff are permanent staff of the DENR EMB. These concerns were evident in the statement of the Ecowatch Secretariat head:

“If they cancel the DAO, then you’re done. As long as the DAO is there, then the program office is there too.”

The need for organizational stability and inertia imply that the environmental agency in the Philippines may not be inclined to pursue policy termination and as such may thus facilitate the continuation of Ecowatch by default despite its dysfunctional implementation by the agency.

On the other hand, other explanations pertaining to tacit benefits of pursuing disclosure strategies also exist. In the related study conducted by Lee et al. (2013) about the Public Disclosure Program in Laguna de Bay Region, the authors have conjectured that disclosure programs in the Philippines serve organizational goals aside from purely environmental objectives. These organizational goals and motives had been discussed in Section 7.4 of Chapter 7. From the discussion in Chapter 7, it was seen that running this program enhanced the legitimacy of the regulatory agency to its stakeholders as well as to the international community.

9.3 Evaluation processes or Assessments undertaken for Ecowatch

The discussions and analysis covered by this study thus far has focused mainly on the policy formulation aspect and implementation stage of the policy cycle of Ecowatch. The study now turns to the details of the evaluation process/es undertaken for the policy by the environmental agency.

For some authors, it is not enough to identify the causes of dysfunction whether they are structural or not, but also to look into the responses to these failures (Pritchett & Woolcock,

2004; Andrews, 2013). From the development change literature, Pritchett and Woolcock provides some common responses that organizations resort to when dealing with dysfunction or failure of institutions. The first is *intensification* where responses are reinforcement of existing solutions or merely more of the same forms within the same institutional structure. The problem that has been identified with this type of response is that the interactions among the actors as well as their incentives remain the same. Often, they don't solve the problems. The second failed response is *amputation*, which involves cutting the responsibility of the main agency and transferring it to someone else. For government agencies, this involves outsourcing services and disassociating themselves such as in privatization of services. However, some key services such as pollution regulation cannot be separated from government's functions. The last common response is *more policy reform*, which involves mainly getting policy makers to continue deepening the policy change process. This approach places an inordinate amount of reliance on the technocrats in charge of the policy process but most of the time, it is not a question of what to actually do but how to get things done that are important in addressing a particular policy implementation challenge. Andrews (2013), observes that the focus on better versions of the same failed reforms is counterproductive. An important point would rather be to investigate how the prior interventions can be made more influential or meaningful.

Another issue pertinent to analyzing evaluation processes and the responses to dysfunction would be the manner in which the challenges and problems encountered by organizations are identified. The policy change literature has stressed that different types of problems need or may even demand different types of responses (M. Andrews et al., 2010). Heifetz & Linsky (2002) for example, differentiates between technical and adaptive problems. The former pertains to technical know-how and procedures while the latter mainly needs changes to be undertaken at the organization level—those that may not be amenable to authoritative expertise or standard operating procedures. Often, agents misdiagnose the problem and continue to offer technical solutions when what may be needed are actually adaptive changes. Adaptive changes require experimentation and exploration of options, new discoveries, as well as adjustments from the organization and its stakeholders and cannot be solved using a technological fix.

For this case study, the various evaluation processes undertaken for Ecowatch are presented as the responses to the challenges of institutionalization and these are analyzed according to the types of responses as presented above. The study looks into the kind of assessments and the issues identified analyzing how they were addressed and the responses or solutions and the changes that have been instigated.

In the course of the more than 10 years of on and off implementation of Ecowatch after its pilot implementation in 1998, there have been several rounds of the policy cycle as based on evaluations and revitalizations (both formal and informal) undertaken for the policy (Table 20). While the program became inactive after it was legalized as a nation policy of the DENR in 1998, it was revived in 2003. In 2007, it was again re-launched at the start of the term of a new Environment Secretary and in 2011, it was deemed time to assess and evaluate the program.

Table 22. Evaluations and assessments undertaken for Ecowatch

Date of Evaluation	Impetus for Evaluation	Output
1998	End of pilot phase evaluation	Issues Paper; Recommendations for Scaling up and institutionalization
2003	Desire to revive the program	Revised DAO Procedural Manual of Operations
2007	Re-launching of the program	Expand coverage of parameters for rating (from water quality to air quality)
2011-2013	Scheduled evaluation based on manual of operations	Revised DAO (status: ongoing trial)

9.3.1 Pilot Program Evaluation

Technical consultants from the World Bank and the University of the Philippines Engineering Research and Development Foundation, Inc (UPERDFI) submitted an annex to their project completion report, entitled “Ecowatch Issues Paper”. This was not part of their Terms of Reference but the consultants felt it was important to identify issues crucial for development of strategies to institutionalize Ecowatch at the national level (Afsah et al., 1997). The report was entitled “Legal, methodological and other program design issues” and was appended to the main completion report. The issues identified in this report mainly pertained to legal issues: 1) if there was legal authority to disclose information on environmental performance, 2) if the rating methodology would attract discrimination and damage suits and 3) if the selective ratings during the initial phase would be a reason for discrimination. The report also mentions constraints in the technical capacity of the agency especially in tackling monitoring inspections and sampling analysis. It projected the requirement of 2 inspections per factory included in the Ecowatch program (approximately 2 inspection teams for every 100 factories to complete 2 inspections per factory with 3 days for inspection per week for a period of 4 months). Vehicles and equipment for sampling were also prescribed.

As a response, it can be seen that the DAO 98-51 which established Ecowatch as a national program served to address the main legal concerns raised in the issues paper, namely that of establishing the legal authority for DENR to disclosure information on environmental performance. While efforts to tighten the criteria for rating and justification of the initial partiality of the sectors included in the program were dealt with in the DAO, because of the administrative capacity issues and information infrastructure constraints of the EMB, in practice, the issues on credibility of the disclosure scheme and the fear of damage and discrimination suits of the DENR EMB personnel were not addressed. Furthermore, the resource requirements for monitoring and sampling pointed out as major constraints for operationalization although specified in the DAO, were not reinforced with actual budgetary and logistical support.

9.3.2 Strengthening Public Disclosure Program under the Strengthening Environmental Enforcement and Compliance Capacity Technical Assistance (SEECCTA) Project

In 2003, the EMB engaged the services of Resources, Environment and Economics Center, Inc. (REECS) to undertake the Strengthening Environmental Enforcement and Compliance Capacity Technical Assistance (SEECCTA) Project¹⁵. This project was intended to

¹⁵ The World Bank through the Government-of-Japan-supported Policy and Human Resources Development Fund provided financial assistance for the Project.

strengthen the public disclosure of industries environmental performance relative to regulations and community monitoring program among other objectives. In their technical report, the consultants covered environmental governance issues and concisely pointed out institutional concerns within the DENR and EMB: specifically the lack of manpower and training of some personnel, inadequate budget and material resources. Interestingly, they also pointed out that political influences hampered environmental governance at the national level citing the fact that the top management positions of the DENR are usually political appointees of the incumbent country leaders. In principle, if the DENR personnel are technocrats, they will be insulated from political pressures but this has not been the case for the Philippines. This was foreseen as a major hurdle in the successful implementation of Ecowatch as can be gleaned from the report: *“The lack of clear political support from and/or low priority accorded by top DENR management were cited as highly significant factors that determine the success or failure (and the long-term sustainability) of the Ecowatch program”* (REECS, 2003).

In consultation with DENR personnel and representatives from the private sector, civil society (NGOs/POs) and other government units (both national agencies and local government units) during workshops, the SEECCTA project generated several additional factors affecting the sustainability of the program. *“Reservations were raised on the possibility of “over-aggressive” participation by NGOs and POs that may lead to closure of erring firms or pull-out of potential investors. Also, there were concerns that the negative publicity resulting from failing rating may also lead to the same results. Some sectors also cited that present economic crisis hampers the ability of firms to comply with environmental standards. From another perspective, the “ningas cogon”¹⁶ factor was the major factor cited by those skeptical about the program. This was reinforced by the relatively short-lived implementation of the Ecowatch program”*.

Additional factors that were deemed important included the burden placed by the original design of Ecowatch to the resources of the DENR---that the rating which was mandated to be based on actual sampling and analysis was seen to be a significant drain on already limited resources of the agency. Another factor cited was the “tediousness” of the procedures used in the rating process. Lastly, the lack of incentives for the regulated entities was cited as a weakness of the program. The challenges identified helped determine the needed intervention measures to ensure the regular implementation of the Ecowatch. This resulted in the revision of the DAO and the production of a procedural manual for the program.

¹⁶ *Ningas cogon* means burning Cogon, which is a type of grass that burns easily. This term refers to a cultural trait of Filipinos where enthusiasm and motivation for a particular thing or activity is exhibited only at the start but is not sustained.

Responses

A closer look at the revised DAO (2003-26) revealed that the rating procedure was simplified and streamlined—instead of using actual sampling and analysis which was impractical for the resource-strapped EMB, the focus was on using the Self-monitoring Reports supplemented by direct inspection when necessary. This served to address the resource issues as well as the perceived tediousness of the originally designed procedures. The revised version was found to have improved the system. Most of the regional staff involved in Ecowatch ratings interviewed have expressed the simplicity of the rating process and find the guidelines as straightforward.

In order to enhance the incentives for the regulated companies, the revised version of the DAO included the provision of administrative incentives for good performing companies. These incentives came in the form of lesser frequency of SMR submission, longer periods for permit renewal and waiving of some documentary requirements for other administrative processes. The awarding of the DENR seal of approval for Silver and Gold ratees were also specified, and for superior environmental performers GOLD rated companies, fiscal incentives such as financial assistance from the Development Bank of the Philippines and Land Bank of the Philippines or tax credits may be availed. No additional disincentives for poor performing industries were specified in the revised DAO.

Pending the approval of an amendment or revision of DAO 2003-26, this is the current version that is currently utilized by the program.

The REECS evaluation report pointed out a number of issues and challenges and a number of these have been addressed as presented above. Analysis revealed however that the issues pertaining to governance and institutional ones such as political interference in disclosure strategies were not addressed. Furthermore, the Ecowatch manual of operations actually specifies that evaluations and assessments need to be undertaken in order to mainstream and institutionalize the program as well as to monitor its effectiveness and relevance. Guidelines on particular aspects that need to be focused on include institutional, operational and social acceptability aspects. To date however, the author has no knowledge if such comprehensive evaluations have been undertaken by the EMB regarding the program. The Technical Evaluation Committee regularly meets but mainly to discuss the ratings and the disclosure process.

9.3.3 Re-launching of the program; reflections of the TEC/Secretariat

In 2007, in line with the desire of the EMB to revive and re-launch the program, the Technical Working Group for Ecowatch reviewed the implementation of the program and provided recommendations to the Director for review and appropriate actions. While not a comprehensive evaluation like the SEECCTA report, this management evaluation focused on the challenges and issues in program operationalization. The report on the “Results of DENR-EMB 2007 Revised Industrial Ecowatch System Evaluation (DAO 2003-26)” indicated that the EMB started to question the merits as well as demerits of the public disclosure strategy. Based on the report, the positive implications identified essentially jived with the objectives and underlying assumptions of the strategy such as compelling industry compliance, promotion of self-regulation and transparency, creation of public pressure and as a disincentive for non-complying industries. The negative implication of disclosure cited includes: creation of bad publicity for the company that may result in less patronage of products, the possible impact to economic conditions of the industries and possible legal actions by companies against DENR. Some procedural issues such as the timeliness of the disclosure announcement schedule as well as the selective implementation due to resource constraints were discussed. The DAO specifies the disclosures of performance for a particular year to be announced during the first quarter of the succeeding year. For example, the ratings of environmental performance for 2007 were supposed to be announced during the first quarter of 2008. The EMB fears that this may send the wrong signal to the public because they were not “real time data”.

As a response, the TWG recommendations were for disclosure to be undertaken only by the Laguna Lake Development Authority for the year 2007. Other recommendations included: disclosure by EMB to be based on geographical characteristics and covering all industries; the prioritization of highly urbanized areas such as the National Capital Region, Cebu, Davao or Region IV and Region III and the use of name tags in addition to color codes such as “*Lason Awardees*¹⁷” etc.

Here, despite the discussions by the agency about the disclosure strategy, no specific actions were recommended to resolve the dilemma of exposing negative ratings to the public. In fact, the recommendation of using derogatory name tags such as Poison Awards serve to aggravate the negative connotation of BLACK and RED labels and reinforce shaming, which the agency had been increasingly reluctant to undertake.

¹⁷ *Lason* is a Filipino word meaning “Poison”. This tag has been used by the Sagip Pasig Movement local NGO as well as Laguna de Bay Region in their respective disclosure programs in the past.

9.3.4 Review and amendment of the Ecowatch DAO 2003-26 in 2011

Sometime in 2011, the EMB sought the technical assistance of Innogy Solutions Inc, a management consultancy and technical services company to review and amend DAO 2003-26 (Revised Industrial Ecowatch System)¹⁸. The project was undertaken to align the Administrative orders with new environmental issuances and to keep the procedural manuals up to date. Innogy Solutions Inc. assisted the EMB in proposing revisions of DAO 2003-26 and its procedural manual to integrate pertinent environmental issuances such as Republic Act 6969 (Toxic Substances and Hazardous and Nuclear Wastes Control Act of 1990) and Republic Act 9003 (Ecological Solid Waste Management Act of 2000) (Innogy Solutions, n.d.). Consultations were conducted with the TEC, EMB central and regional offices, representatives from the academe, NGOs and the private sector in order to present the revised DAO and procedural manual.

As of the date of this writing however, the revised DAO was still being presented and piloted within the EMB, and unfortunately, the Ecowatch Secretariat was unwilling to share the proposed revision for the Ecowatch DAO because it has not been officially approved and they are still in the process of testing the revision. The author was also not permitted to access the assessment reports compiled by the consulting firm, Innogy Solutions. The analysis in the succeeding sections will not be able to include the results of the assessment undertaken from 2011 because of the lack of data. However, what is noteworthy is how the Ecowatch Secretariat Head describes this process: *“recent assessments undertaken from 2011 were done mainly to tighten the criteria of the program and more of the technical aspect but not really as an evaluation of the program itself”*.

9.4 Categorizing the programmatic issues and responses for Ecowatch

The program assessments mentioned have raised various issues and challenges faced by implementors in operationalizing Ecowatch. Table 21 presents a summary of the main issues raised by the respective evaluations as well as the policy/program responses undertaken.

¹⁸ A simultaneous review was also conducted for DAO 2003-27 (on preparation and submission of Self-Monitoring Reports)

Table 23. Issues raised during program evaluations and policy responses undertaken

Date	Main issues raised	Policy/program responses	How the issues were addressed
1998	Legal reprisals for disclosure	National policy enacted: Ecowatch program established nationwide; with personnel, budgets, targets	Legislative order provides the legal basis for disclosure but normative issues not addressed
2003	Lack of political support and low priority for the program; Questions about impact on business reputations Lack of incentives for the program Lack of resources for implementation (HR, \$, equipment)	Revival of policy and revision of Dept. Admin Order and Manual of operation published;	Streamlined rating procedure (Simplify process—focus on SMR's and limited direct inspection) to address resource issues only Provision of administrative incentives in the form of frequency of SMR submissions, permit renewals etc. Awarding of DENR Seal of Approval and fiscal incentives for good performers
2007	Viability of full disclosure; legal appraisals and politics barrier	Re-launching of program, Adjustments with regard to criteria and priority sectors. Expansion of criteria to include air quality	Operational issues on disclosure not addressed

The issues identified in the various evaluation reports from 1998 to 2011 were analyzed and categorized as technical or adaptive. From Table 21, it may be observed that most of the technical issues identified by the program assessments were in fact addressed and solutions proposed/enacted. A comparison of the policy statements (DAO 98-81 and DAO 2003) revealed changes mainly on the technical aspects like rating criteria, resolution period for interim ratings, the inclusion of administrative incentives such as relaxation of requirements for submission of Self-Monitoring Reports, permit renewals, and data management. The amendment and revision undertaken in 2007 were also found to be technical in nature—the program was relaunched and the criteria and priority sectors were adjusted and in fact, expanded to include air quality and additional industrial sectors, respectively.

In perusing the evaluation reports as well as discussions/responses generated from interviews however, the study found out that other issues such as the lack of political will, impact of the strategy on businesses, viability of full disclosures and the feared reprisals were glossed over in the “solutions” proposed or have not been fully addressed. For instance, while the enactment of the DAO for Ecowatch provided the legal basis for disclosures which addressed the concern for the legality of such a strategy, the fear of reprisals continue to prevail—an issue which is most probably related to the notion that legal suits are a big transactional burden for government personnel. This is confounded with the credibility issues of the DENR. The political will barrier and the viability of shaming or sully business reputations through full public disclosure have emerged in all of the assessments undertaken, and yet the study finds that there have been no concrete responses or proposals raised to address this very salient aspect of the strategy. These are mainly adaptive issues because they pertain to behavior, ideology and attitudes. Solutions are not well-defined for these types of problems compared to technical ones. And these types of problems require organizations, in this case the EMB to change the way they behave and think—essentially to undertake institutional change (Heifetz & Linsky, 2002). In this case, while attention has been pointed for the institutional, ideological and capacity issues, the focus of revision mainly revolved around the technical aspects. This helps explain the persistent dysfunction of Ecowatch.

Furthermore, the main type of response to evaluation and issues observed for Ecowatch was mainly intensification of the policy. While substantial changes to the program have been undertaken, the strategy and institutional structures remain the same (at least on paper). Operationalization and actual implementation reveal otherwise though and makes apparent the folly in these types of responses. The continued practice of hiring technical consultants may also compound the problem as these processes reinforce the provision of (to a certain extent—exclusive) technical solutions. This becomes problematic when as in the case of

Ecowatch, a number of the main issues that hinder optimal operationalization are actually adaptive challenges and as such, need adaptive solutions.

One aspect about evaluations and assessments that is relevant to the analysis for this case study is the actual capacity of the governmental agencies to undertake more meaningful evaluation processes to ensure policy success.

A rapid assessment of the environmental compliance and enforcement in the Philippines conducted by AECEN in 2004 cites that evaluation processes and the success indicators being measured by the DENR may not be appropriate or analyzed properly:

“Each year, DENR sets targets for certain activities that are supposed to be met within the year. At the end of the year, each unit reports what percentage of the target was achieved. Invariably, this is close to or even over 100 percent. But scientific studies continue to show the worsening pollution problem, which suggests that the data gathered by the agencies are not the appropriate indicators of efficiency or success.” (AECEN, 2004)

The amount of pollution discharges by the companies that are involved in the program need to be qualitatively and quantitatively measured over a period of time and evaluated if improving or deteriorating. But this has not been undertaken by the agency. This has been confirmed by one comment of a regional coordinator during the interviews undertaken for this research:

“ We do not have capacity to evaluate the impact of the (Ecowatch) program—we do not have the equipment, people and the capacity to do that...for example checking the quality of the rivers or wherever (the program) has an impact. This cannot be appreciated here. Maybe that is what is lacking. The concept that you will be given an award because you passed the standard, that’s it. That’s just about it. What is needed is that this program will be connected with other programs, but this has not happened. Here, the regional director is always being replaced, sometimes every year or sometimes 3 times a year. So it depends on the priority of the Regional Director. Not all are from the Pollution Control Division. They are from DENR, sometimes from other departments. They do not understand what is Ecowatch. Appreciation is not that much here. Although we need to do it because it is a directive from central office and there is a DAO and it has been downloaded”.

9.5 Ways forward for Ecowatch

Given the persistence of the dysfunction of Ecowatch, in what ways can the program be improved? This next section will expound on some normative reflections on ways for the policy to move forward.

The following propositions are put forth: the need for in-depth policy and institutional evaluation to critically examine the "inherited way of doing things" and drawing of lessons from on the ground experiences and the extant literatures.

9.5.1 In-depth institutional evaluation

Discussions in the previous chapter indicate that the policy and program evaluations undertaken for Ecowatch were mainly technical in nature whereas some of the major issues faced by the policy pertain to institutional aspects. An honest assessment and evaluation of the functionality of the program is hereby proposed. More specifically, theory-based evaluations and the usefulness of dwelling on reasons for policy inertia or relevance are put forth in the succeeding sections.

9.5.1.1 Theory-based evaluation

Program evaluations are often taken for granted and there are numerous ways of undertaking these processes. A number of the technical issues identified for the program have already been addressed or are being addressed but as was shown in the previous sections, most of the adaptation issues were not. A number of these issues actually pertain to the assumptions and mechanisms that the strategy claims to use and as such needs to be properly understood and not taken for granted. One way to flesh out these mechanisms and identify their root cause is through the use of theory-based evaluation popularized by authors such as Weiss (1995).

This type of evaluation essentially involves determining the logic or “theories” behind the program, identifying the steps that lead from input to outcomes and correlating these with the actual outcomes observed. If the outcomes were achieved, the evaluation would be able to show how they came about through the mechanisms or processes identified. If the data did not substantiate the steps, then it is possible to point out where the sequence breaks down and which mechanisms don’t work. The exercise of breaking down the programmatic theory or the mechanisms that link the actual activities of the program with the desired outcomes is useful in determining or anticipating the responses that the activities of the program generate.

The purpose of constructing or reconstructing the program logic is to be able to look at the objectives of the program and its underlying assumptions and logic or mechanisms for change. By doing so, it is possible to compare observed outcomes to theoretically predicted outcomes and to analyze the points of match or mismatch. In Chapter 5 Section 5.3.3 of this dissertation, the reconstructed program logic for Ecowatch was utilized to analyze and evaluate the actual versus predicted outcomes.

In theory-based evaluation, the analysis also focuses on identifying which mechanisms or activities work or don't work and on recommending areas for program refinement or even policy modification. In a usual analysis, the assumptions about the mechanisms on how the program works are usually taken as fact and passed on and believed to be at work even if they are unproven. However, in many instances these mechanisms are contingent and need to be activated by one or more conditions. For example in the case of environmental performance ratings and disclosure strategies, the strategy is hinged on the premise that publication of environmental ratings will generate improvement through reputational mechanisms and the generation of pressure from stakeholder groups other than the regulatory agency. It must be noted that these mechanisms would be activated only if information is disseminated widely and strategically. Mere shaming or publication of rating results do not generate automatic reputational sanctions. Rather, studies have emphasized the importance of disclosure system designs—that it is the degree of embeddedness of the disclosed information in the decision-making of the intended targets that will generate the expected reputational sanctions and direct pressure (Lee, 2010; Lee et al, 2013).

The use of theory-based evaluation and program logic has been found by the author as a good way to critique and to identify clearly the causes of dysfunctions. To further illustrate, the program logic utilized in a theory-based evaluation conducted by the author in a previous study on the Public Disclosure Program in the Laguna de Bay Region is reproduced below. This evaluation indicated that the effectiveness of the disclosure strategy was due to the limited information flows brought about by inadequate dissemination platforms (Lambino, 2013a).

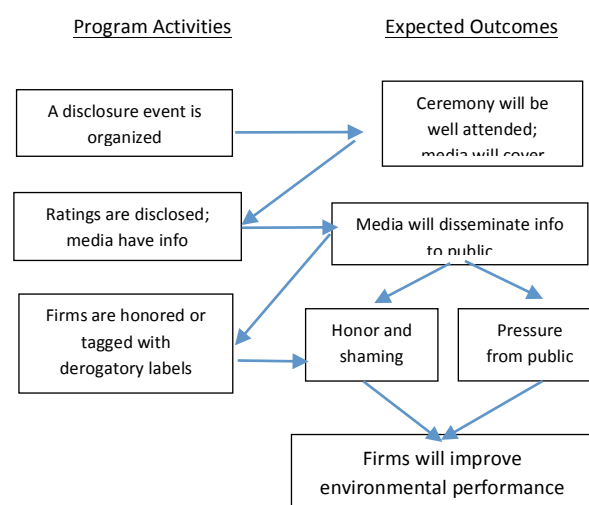


Figure 15. Program logic for Public Disclosure Program in Laguna de Bay Region

Source: Lambino 2013a

The program logic reconstructed and shown in Figure 15 traced the actual activities and steps that the disclosure program undertook in order to meet its objectives. The program logic visualized as such provides several concrete aspects that program implementors can analyze and evaluate. For instance, in the case of PDP, the disclosure events organized by LLDA was scrutinized to determine if indeed it generated media coverage and if the information was found to be newsworthy to be disseminated widely to the public. While findings for the PDP study indicated that shaming and honoring mechanisms were at work, direct pressure from consumers, market, stock markets and civic interest groups were not generated, questioning the generally accepted assumptions that disclosure strategies will activate societal pressure for companies to improve their environmental performance.

9.5.1.2 Exploring policy relevance

Another way for institutional evaluation is to inquire into the relevance of the program for the implementors. In the course of the study, when the researcher was explaining the context of this research to the Ecowatch secretariat and the plan to interview and talk with the regional coordinators, discussions about the challenges in implementing Ecowatch led to an inquiry by the Ecowatch Secretariat on the sufficiency of the regulatory system with or without Ecowatch. The program coordinators expressed their interest in how the Ecowatch regional coordinators or staff view the value of the program. The Secretariat expressed that the evaluations undertaken by the EMB thus far pertain to technical aspects but do not really include the programmatic and institutional aspects. In line with this, the author put forward the following additional questions to the regional coordinators of Ecowatch during the interviews: *"Is the regulatory system of DENR sufficient for companies to comply?"* and *"What is the added value of the program?"*

Eleven of the respondents corresponding to 11 regions out of the 14 regional coordinators interviewed responded that the regulatory functions of DENR are sufficient with or without Ecowatch. The following statements furthermore reinforce the belief that the Ecowatch coordinators find the regulations sufficient with or without Ecowatch: *"Even without Ecowatch, the companies are forced to comply because of the penalties, or the threats of Cease and Desist Orders"; "When companies renew their permits, we can monitor their compliance; "We are able to enforce renewal of permits so monitoring happens then. Rating is the same as monitoring; and "Self-monitoring reports are okay even without Ecowatch".*

However, a number of the coordinators do find some added value of the program. The Region 12 coordinator shares the added value of Ecowatch in the following sentiment:

The existing regulatory system is sufficient as of this time but the implementation of Ecowatch contributed in making the companies comply with the regulation of DENR. If the implementation of Ecowatch will be stopped, I think companies who are into the program will no longer exert effort to be 100% compliant to environmental laws because they don't have any incentive from DENR.

For Region 3, the added value of Ecowatch is that it lessens the load of the inspectors with regard to the companies they are monitoring. If they are in the program, the inspectors become confident that the companies will exert effort to comply. It is to be noted that this is the Regional Office that have undertaken awards ceremonies. The Region 9 coordinator on the other hand believes that the program is important because in their region, all the major big companies who have large contributions to air and water pollution when it comes to stationary sources are covered under the program -- and because the Ecowatch program enables the DENR EMB to monitor them.

"The companies are afraid to be rated red or black. However, it seems that the companies are content to be rated blue which is equivalent to good because they claim it is too expensive to modify their APSC or Water Treatment Facilities (WTF) in order to improve their rating" - (Region 9 Coordinator)

The Region 4A Coordinator on the other hand claims Ecowatch has no impact especially since the coverage is quite few and limited.

While the opinions expressed by the respondents for the interviews are all individually valid, the analysis and findings in Chapter 5 of this dissertation indicate that Ecowatch as it is currently operationalized is inefficient and irrelevant for pollution control. Its operationalization has not gone beyond a “pilot program” with quite a limited scope and coverage. It may only become relevant if the program is utilized as a monitoring mechanism, has a wide coverage and if the ratings will be publicly disseminated.

One problematic aspect of the Ecowatch program is actually the way it is being framed—despite the changing undertones in the EMB’s stance on information disclosure, Ecowatch continues to be framed as a disclosure program. Currently, all the documents and reports describing and presenting the program frame it as an information disclosure strategy. As such, the agency needs to manage the expectations from the general public as well as the stakeholders with regard to how the program is being operationalized. The agency needs to

decide if it will pursue an information strategy or not. If the former, then all means to disclose and disseminate information that is realistic and doable for the agency should be explored.

If the agency deems public disclosure difficult or impossible, and decides on just focusing on the rating strategy and an incentive system, then it must let go of framing it as a disclosure system. However, a caveat needs to be mentioned at this point. If Ecowatch becomes a rating strategy and incentive system only, it must be assessed vis-à-vis the Philippine Environment Partnership Program (PEPP) program that the EMB also implements which provides incentive packages and recognition for business entities. It is to be noted that through the PEPP, EMB has endeavored to strengthen partnership with the individual firms and industry associations by providing a package of incentives for those performing beyond compliance and demonstrate superior environmental performance. For instance in 2012, eighteen (18) individual firms were awarded with DENR Official Seal of Approval under the Track 1 Category bringing the total of fifty-seven (57) individual firms already awarded from 2009-2012. Running the PEPP and Ecowatch-sans-disclosures may be redundant for the agency and a waste of important and limited resources.

The previous chapter has briefly touched on the notion of policy termination as one of the possible stages in the policy cycle.¹⁹ As many authors contend in the literature though, this process is often neglected or rarely considered. For this case study, the usefulness of the notion of policy termination is espoused. This is in the belief that the exercise of considering cessation of the program will be beneficial in reflecting on the salience and relevance of the policy for the governmental agency's needs. Whether the exercise leads to actual policy termination or not may be inconsequential.

If the program is found to be redundant or ineffective and inefficient, it is worthwhile for the agency to consider policy termination rather than to continue which is an additional drain and burden on limited resources. While in practice policy termination is rarely undertaken, environmental agencies ought to be open to such strategies as environmental issues are not only urgent and pressing but resources and efforts should not be placed on solutions that may go to waste.

9.5.2 Drawing of Lessons

Lesson drawing should not end at the policy formulation stage. This section clarifies concepts on lesson drawing to generate propositions on how it can be activated for Ecowatch.

¹⁹ Policy termination is usually lumped with the evaluation stage where it can be a possible outcome of the evaluation process.

In defining or describing the lesson drawing process, it may be worthwhile to point out what it is not. Rose 2005 (as cited in M Evans, 2006) expresses that mere citation of foreign examples due to political rhetoric cannot be considered lesson drawing. Rose is clear that lesson-drawing is an "intentional exercise involving research ". Furthermore, Brynard (2009) is emphatic that the acquisition of skills alone does not translate into better services or improved delivery. Sometimes, learners may decide against the reform or policy. In most cases, those who have “learned” may be replaced.

Since its inception in 1998, Ecowatch implementors over the years have detached or lost contact with the other countries that have or are implementing disclosure strategies for pollution control. While regional workshops have been conducted to facilitate learning, these have seldom trickled down to agency implementors or frontline staff. The Indonesian model developed by BAPEDAL was not scrutinized closely, nor is it even monitored. Many of the Ecowatch coordinators are not even aware of the institutional history of Ecowatch. This is unfortunate as this author argues that drawing of lessons continuously from the institutions or organization that the policy was patterned is imperative. There is also value in reviewing the institutional history of a policy if only to verify or affirm assumptions and the mechanisms at work.

Attention should also be paid to the lessons and insights from the extant literature regarding the use of information disclosures for environmental regulation. The discussion in this section pertains to policy content and is hoped to illuminate the way forward for how Ecowatch can be made to work (or not) in the context of the Philippines.

The literature covers some aspects of environmental information regulations. Some practical ways of learning involves looking at the mechanisms that make disclosure programs work. Other sources from which to draw lessons from are from the academic and research literature. The extant literature would be able to identify and describe mechanisms by which policies or strategies work. Often, empirical evidence substantiate the conceptualized mechanisms.

9.5.2.1 Mechanisms that make EPRDS work from literature

Literatures on information based environmental regulation indicate several functional mechanisms for these types of programs. Lee et al., 2013 lists market pressure, external pressure and internal learning as the means by which these strategies work.

It is to the work of Liu and his colleagues (2010) that the study turns to for a more comprehensive and illuminative characterization of the functional mechanisms for disclosure

strategies. Liu et. al. identifies the three main functional mechanisms of environmental information disclosures as reflexive, deterrent and enhancement mechanisms. The reflexive function pinpoints information asymmetry within a firm that hinders the company's ability to identify and respond to environmental issues. Disclosure is found to address the structural failures within a company and provides information to pertinent company officers and staff who can coordinate action to improve pollution emission. The deterrent functions pertain to the mechanism by which companies improve their environmental performance in anticipation of the reaction of information recipients such as regulators, markets and the public. If there are increased frequency of monitoring and enforcement this mechanism will be reinforced. Lastly, the enhancement mechanisms refer to how market forces and reputational sanctions can be reinforced to impact on companies and make them change through the use of disclosure. Another aspect that may be enhanced by disclosure strategies would be the improvement of the actual governmental agency operations. Information about the firms if analyzed and made to input on agency actions can lead to enhanced and better enforcement action. For example in the case of Ecowatch, the EMB regional offices can focus their meager resources on the companies or industrial sector that are found to be consistently non-complying or with high pollution emissions. Attention can be targeted strategically to specific companies or sectors.

An understanding of the mechanisms presented in the literature would greatly help the Ecowatch Secretariat as well as the regional offices of the EMB in the reformulation or re-design of Ecowatch in order to make it work better. What has been emphasized in the literature is the necessity of the credibility and accuracy of disclosed information as well as the capacity of the (intended) recipients to use the information in an effective manner. These are premised on information flows and administrative capacity. For instance, in the Philippines a possible target recipient group for environmental performance information would be the environmental NGOs, which are quite active and prominent in the Philippines. However, it would seem that NGOs in the Philippines may not be satisfied with merely environmental performance information per se. In a news article responding to DENR awarding seals of approval to some 18 companies in 2012, NGO representatives were not satisfied with the environmental performance information but are actually pushing for the release of actual pollution emission data.

"...the companies given seals by the DENR should now prove their credibility by releasing their emission data "in line with the public's right to know." "It will be to the best interest of the public, particularly the frontline communities, to know what

these companies discharge into the environment that may harm their health and livelihood” - Edwin Alejo, national coordinator of the EcoWaste Coalition.²⁰

If EMB will push through with Ecowatch as a disclosure program, they should consider this demand for raw data from environmental NGOs in the Philippines. The analysis in the previous chapter indicated that the release of interpreted data may not be suitable to the Philippine context due to credibility issues therefore the release of raw data might be more effective. One possibility that may be considered by Ecowatch would be the model of information disclosure programs in developed countries like the US and OECD countries wherein pollution data is released un-interpreted to the public. While this needs to be tested and is not a guarantee of success, it is clear that Ecowatch as it currently is implemented needs to be amended and modified.

The suggestion of Lee (2010) pertaining to the actual involvement of third parties in the disclosure process will also be worthwhile to consider. Another possibility is providing the performance ratings data to NGOs like Sagip Pasig Movement and letting them do the actual public disclosures.

What is being emphasized here is that the expected outcomes of disclosure strategies are not automatically triggered by the outright dissemination of information. The potentials of informational regulation are contingent on the thoughtful design and manner of how the policy is being practiced.

9.6 Chapter Summary

This chapter tried to present the analysis for why the dysfunction persists despite the lack of noticeable success or impact of the strategy. Policy inertia, organizational stability and legitimacy were presented as possible reasons for the continued implementation of a flawed policy. One of the unintended outcomes of the opportunistic transfer is the establishment of an environmental program with a good-looking form but without the function.

An analysis of the various program evaluations and assessment conducted by the EMB over the period of 15 years since the program was piloted and enacted as a national policy, revealed that the amendments and revisions undertaken for the program revolved mainly on technical solutions. Adaptive issues that required adaptive solutions such as institutional and organizational adjustments were mainly left unresolved. The use of information disclosure by governmental agencies as a strategy to help in environmental regulation basically requires

²⁰ <http://www.interaksyon.com/article/49378/denr-accused-of-greenwashing-after-giving-seal-of-approval-to-18-green-companies>

that the agencies need to undergo significant changes – regulators need to take on new roles as facilitators of information, they need to adopt credible and efficient informational management systems and must emphasize the value of reputational sanctions and incentives to stakeholders. Another explanation for dysfunction pertains to the mismatched responses to the challenges in operationalization of the policy. Instead of improved versions of the policy emanating from the evaluations undertaken, what is observed is a perpetuation of the dysfunction because technical solutions take the place of adaptive ones.

Normative propositions on ways for the policy to move forward are also put forth. In-depth institutional evaluations such as theory-based evaluations for the program and drawing of lessons from the extant literature and a deeper understanding of the contexts of operation in other countries are recommended. These are hoped to be a guide to agency implementors who wish to improve the policy.

Chapter 10. Conceptual Framework for Analyzing Negotiated Policy Transfers

The analysis in this study generated lessons on the aspects of the negotiated transfer process that eventually led to the decreased functionality of a promising policy. Although the empirical focus of this research is strictly on Ecowatch, the findings have value for other types of policy transfer processes. This study recognizes that governments/policy makers routinely engage in policy transfer and especially in developing countries where facilitated types of transfers are common. The discussion now returns to the policy stages cycle and the interaction of the policy transfer framework initially laid out in Chapter 1 of this dissertation.

The policy transfer lens when utilized within the framework of the policy cycle stages heuristic was found to significantly influence the process and the points for policy analysis. This is especially true for negotiated types of policy transfers when more often than not are characterized by best practice templates being promoted by agents external to the implementing entity. The availability of policies within the international sphere affects agenda setting by skipping through the process of issue or problem identification. Often, the solutions precede the problems and it is a matter of solutions seeking problems to solve rather than problems seeking solutions. Transfer processes also affect the policy formulation and adoption stage. For the cases when policy transfer involves best practices, institutional isomorphism mechanisms lead to a tendency for monocropping or limited adaptation. These would affect the outcomes as well as efficacy of the policies. In cases like the Ecowatch adoption, evaluation processes may also be affected which tend to lead to not just a one-time dysfunction but to a persistent dysfunction.

In this chapter, the lessons for each stage are generalized as important pointers to enhance policy processes are presented as a preliminary framework for analyzing negotiated policy transfers: focus on the problem rather than the solution, attention to the reform space, the salience of ongoing translation and contextualization processes, and check for policy relevance (Figure 16).

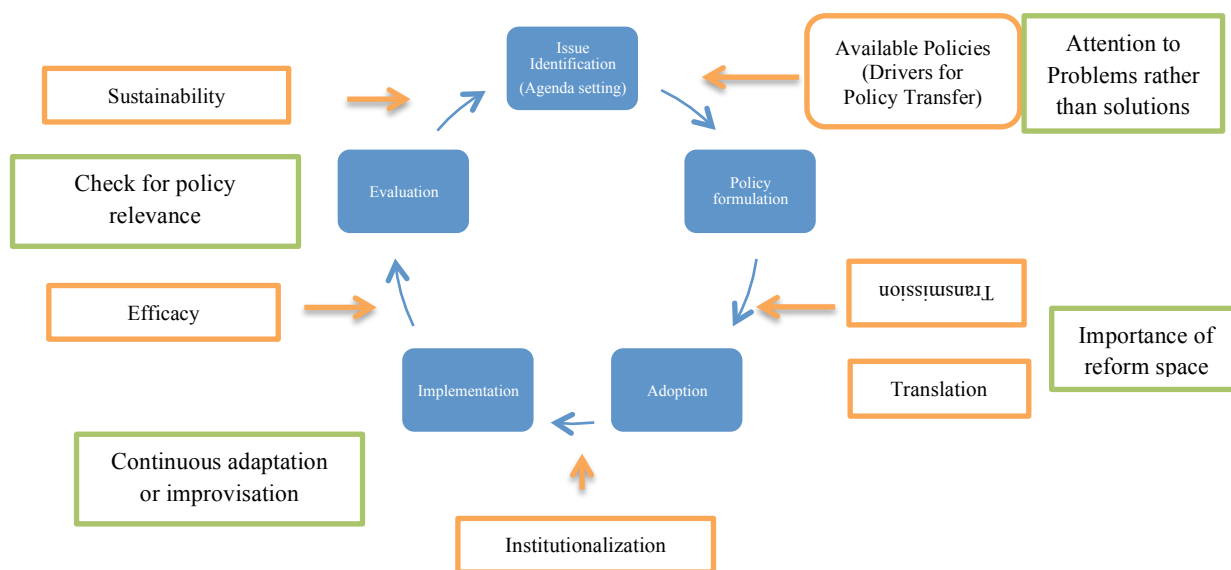


Figure 16. Principles and pointers to enhance success of transferred policies

10.1 Policy Formulation: Attention to problems rather than solutions

When entities engage in policy transfer, the domestic policy formulation process is affected by the search for a good policy to emulate. In some cases, the transfer gets initiated not as an outcome of a search for policy by domestic actors but because the policy was made available to the domestic policy makers. This case study has shown that transferred policies often fail when the transfer process is driven by supply and the focus is on the solution. A logical corrective for this would be to ensure that policy reform should be driven by problems rather than solutions as is being espoused by Andrews et al. in their Problem Driven Iterative Adaptation (PDIA) framework. These authors advocate for processes where locally determined problems look for solutions rather than externally defined solutions looking for problems. Sometimes though it must be realized that policy adoptions driven by supply are perhaps inevitable or unavoidable. The lure of funding opportunities and provision of much needed technical expertise is sometimes irresistible for cash-strapped governmental agencies. In an interview undertaken by the author with the Philippines Climate Change Commissioner, it was found out that some of the programs of the commission were initiated based on funding opportunities. These may not have been originally defined or identified as a priority by the agency, but much-needed funding was available to implement such a program and the notion that “There is no harm, right?” was applied (interview with Naderev Sano, 2012). In such cases when the process is mainly driven by supply, the same principle from the PDIA can nevertheless still be applied: there should be a conscious refocusing on the main problem

being addressed. What is recommended is for policy makers to be able to dis-attach themselves from the prescribed solutions in order to center attention to the problem and for donor agencies to be flexible for their prescribed solutions to undergo major facelifts if needed in order to make it work in the borrower context.

This can be done by articulating clearly the issues that need to be addressed right from the start and formulating indicators for evaluation of the impact or effect of the policy or program. Characterization of the problem that arises from deconstruction and identifying root causes similar to Andrews et al.'s suggestion can also serve to divert the centrality of the process away from the prescribed solution.

10.2 Policy Transmission: attention to reform space

In the transmission of the policy and transferring it to the new context, attention must be made to the reform space comprising of the organizational and institutional factors that exist to receive or welcome the new policy. This is to acknowledge that there exist set structures and set practices that the new policy needs to contend with. The importance of empowering processes for policy change was emphasized in the Ecowatch case study. The three factors of acceptability, authority and capacity are good indicators to determine viability for the policy needed in order to be able to embed a transplant into the new context. The reform (landing) space at the initial level is crucial as it can signal if the policy can be pursued effectively or not. There is also a need to scrutinize if the factors at this landing space are brought about by external agents endorsing the policy, which will make the reform space high and yet may lead to dysfunctional and ineffective policies. In such cases, domestic agents will need to be engaged more deeply to ensure that the institutional space will be enlarged and for the policy to be sustained.

10.3 Policy Institutionalization: Translation and contextualization processes

Aside from a sufficient reform space at the institutionalization stage, contextualization cannot be stressed enough for institutionalization processes to take place and for the borrowed policy to be embedded and transplanted deeply. Care is needed for the policy to be coherent with the institutional contexts and to ensure that socio-political and culture-cognitive contexts are not overlooked. This requires policy makers/entrepreneurs to be particularly aware of the specificities of the context of application.

Lessons should be drawn from how the policy worked in the original jurisdiction as well as how similar policies have been effected elsewhere. The assumptions and mechanisms of the idea should also be understood and analyzed. Once the center of the process becomes the

problem or issue that needs to be solved, during implementation and application, the policy should be versatile enough to undergo various modifications in order for the policy to work. Improvisation and veering away from the original template if necessary should not be hindered. What is being proposed here is that there is no one best practice but rather the practice becomes best when it is made suitable and directed to the needs of the particular context. This also means that in general policies in different jurisdictions will never

For adaptation processes to happen, distributed agents need to be engaged. It will be the agency implementors and front-liners that would have a clear understanding of what it takes to operationalize the policy and as such, they need to be given a bigger say in the policy modification process.

10.4 Policy Evaluation: check for relevance

For this stage of the policy cycle, evaluation should not be taken for granted especially for policies that are not home-grown. The indicators that have been formulated at the start need to be revisited and analyzed. A check for relevance is also necessary especially if dysfunctions are observed or if the expected outcomes are not being attained. An honest assessment might reveal inefficiency, impracticality, irrelevance or continued dysfunction. In such cases, various adaptations are vital or another option would be to consider termination of the policy. Government agencies should not shy away from undertaking the latter if the conditions for the policy are no longer valid or if the policy has run its course.

10.5 Chapter Summary

This chapter synthesized the lessons generated from the analysis of the negotiated policy transfer processes in this case study. These are generalized as indicators that may lead to enhancement of policies and their implementation: focus on the problem rather than the solution, attention to the reform space, the salience of ongoing translation and contextualization processes, and check for policy relevance. This is presented as a preliminary conceptual framework for analyzing negotiated policy transfers using the policy cycle stages heuristic. This is hoped to contribute to the practice of negotiated policy transfer although the salience and application of this conceptual framework needs to be validated by further research.

Policy transfer has been seen as a means to bypass the demanding and elaborate processes of formulating policies from scratch—it may also seem as less work. The findings in this research show that relying on shortcuts do not always lead to significant outcomes. In any policy transfer undertaking, numerous factors need to be considered and meaningful

adjustments continually need to be made. Borrowing ideas and policies from abroad need as much work (if not more) at each stage of the policy cycle.

Chapter 11. Conclusion

This study aimed to understand why despite the best of intentions, some good ideas do not work when transplanted in another context. The case study emanated from the puzzle of why a policy that initially showed promise of curbing industrial pollution is not functioning as intended. The specific case of the environmental performance ratings and disclosure program in the Philippines was analyzed. The in-depth analysis of the various stages in the policy cycle of Ecowatch generated findings specifically for the Ecowatch program as well as insights for policy transfer processes and information-based environmental strategies in general.

This chapter presents the key findings of this research and responds to the research questions posed at the start of this dissertation.

11.1 Key Findings for Ecowatch

Research Question 1: Is the Ecowatch policy successful in attaining its objectives?

A detailed examination of the implementation activities vis-à-vis the objectives of the program verified the dysfunctional operationalization of the Ecowatch program as laid out in Chapter 5. Despite being framed as an information disclosure program with the objective of generating public pressure for industries to clean up and improve their environmental performance, there was minimal information flow to any of the intended users of the information, which would explain the limited outcomes and impact observed. The program also was not able to scale up much from the pilot phase and the scope and coverage sectors were quite limited. No evidences were found of the reputational mechanism and public pressure as highlighted in policy documents and program reports. As such, the program was found to be ineffective and inefficient in meeting its goals and targets and its relevance is being questioned at this time.

Three alternative explanations for the dysfunction of Ecowatch were presented: First, focusing on the coherence of the content and design of the policy with the specific context in the Philippines. Second, using the policy transfer lens through the notion of reform space. Lastly, while still using the lens of policy transfer, through analysis of the motivations and the agents involved in the transplantation process.

Research Question 2. How and why were Environmental Performance Ratings and Disclosure programs adopted in the Philippines?

In tracing the mechanisms and pathways of the adoption of Ecowatch in the Philippines, Chapter 8 shows that the process was influenced endogenously through domestic actors' desire to generate a solution to a domestic problem and exogenously through aid institutions' desire to promote an innovative environmental instrument. The motivations by domestic actors for the adoption of Ecowatch were found to be threefold: as an outcome of a sincere desire for a solution, as a response to normative influences and as a means to access funding opportunity.

Research Question 3. What were the challenges in institutionalization and operationalization of the program?

The institutional misfit and incoherence of the design of the disclosure program provided challenges to its meaningful institutionalization as shown in Chapter 6. Comparative analysis with Indonesia's PROPER program indicated that some contextual factors, which made the strategy successful in Indonesia, were missing in the Philippine context. The environmental agency in the Philippines did not have the information infrastructure, capacity and experience in order to deal with the required informational strategies. The release of interpreted data as a policy design was found to be challenging for Ecowatch since the environmental agency does not enjoy the confidence of its stakeholders. The vibrant environmental NGO sector in the country was also not sufficiently engaged by the program due to the manner it was being operationalized. Despite the enabling legislative context in the Philippines, considerable barriers in meaningful institutionalization were found because of the incoherence with some socio-political and culture-cognitive contexts. The program's institutionalization was also affected by the limited reform space brought about by a lack of acceptance and weak capacity for the disclosure strategy. The discussion on the notion of reform space emphasized the importance of empowering processes and looking into the organizational factors needed when a transferred policy is adopted. This particular analysis served to explain why the success demonstrated in the pilot program was not sustained.

Research Question 4. How did the transfer process affect the program's outcomes?

The Ecowatch transfer process was characterized as a negotiated type of policy transfer. Normative influences and cognitive shortcuts explained the learning strategy employed by the environmental agency. These motivations had an effect on the manner of the transfer process by focusing initial efforts on the solutions rather than the problems; demonstrating that the policy worked rather than looking into the contextual features that will sustain the

implementation and make it work. These impeded the adaptation and contextualization processes which eventually led to the dysfunction of the program. Furthermore, there was limited engagement of domestic (internal) actors who can effectively translate the policy and tweak it to make it more fit with its context.

This study also found out that Ecowatch exhibited persistent dysfunction. The analysis of the evaluation processes undertaken by the environmental agency revealed that isomorphic mimicry, policy inertia and the program's contribution to the agency's legitimacy ensured that questions pertaining to policy relevance were not entertained. Chapter 9 shows that the responses to the dysfunction were also mismatched: technical solutions continue to prevail every time the program is amended or revised despite the fact that the issues and challenges of Ecowatch are mainly adaptive in nature and thus require adaptive solutions.

This study provided some recommendations for the Ecowatch program in the Philippines to move forward. This includes undertaking a check for relevance of the program considering the policy field and context currently faced by the environmental agency; drawing lessons not only from the experience of PROPER but also information disclosure strategies in general and ensuring that engagement of actors be undertaken as widely as possible and must ensure the involvement of agents directly involved in implementation and operationalization of the policy. The assumptions and mechanisms of how these types of policies work effectively need to be understood and a theory-based evaluation approach might be useful.

These findings provide alternative ways of not just explaining and analyzing the dysfunction of Ecowatch but also of answering the general question posed for this research, "*Why do some good ideas not work when transplanted in another context?*" This research confirms what is already known about the transplantation of ideas: that fit and coherence with the context is important and that adaptation and translation of ideas are needed. It contributes to the literature by identifying factors that hinder adaptation and translation processes for negotiated types of transfers. Restricted adaptation happens when the focus of transfer processes is the prescribed solution, when the processes are driven mainly by actors external to the implementing agency and when the reform space for change is small.

11.2 Key Findings regarding informational strategies for environmental regulation

This case study is also instructive about information-based strategies for environmental management. This study affirms the challenges of disclosure strategies for developing countries—that these involve significant informational requirements with regulators needing new skills and capacities as well as political will; and that the effectiveness of such strategies are dependent on the design and strategies that are fit with the institutional context.

Information disclosure policies for environmental management pollution control have gained some popularity and are expected to gain traction in an increasingly information-based society. In light of dismal outcomes of traditional regulatory actions and even market-based instruments, this must be encouraged to do so. However, while not undermining the potential and benefits of undertaking disclosure strategies for environmental regulation nor damping the enthusiasm of advocates of these policies, this study resonates with the findings of Lee et al. (2013) and Blackman (2010) that disclosure programs are not cure-all remedies and that the design and strategies matter. They can be great complements to traditional regulation but its potential needs to be harnessed through an understanding of the mechanisms and a coherent design of the strategy. Furthermore, they must be made to match the regulatory as well as socio-political and cultural contexts in order to realize their potentials for environmental regulation.

11.3 Contribution to policy processes

This study also contributes to existing literatures by exploring how transferred policies land and interact with the local context. Studies on policy transfer usually pay attention to the (technical) content of the policy and how to make it work in the new jurisdiction. Undertaking analysis related to reform space can focus attention on the institutional and organizational conditions in which the transferred policy interacts with the context and what enables them to be meaningfully adopted. This point is often neglected in the actual practice of policy transfers. This study comports with the findings of Andrews (2010, 2013) that aside from outright technical solutions, perhaps entrepreneurs and facilitators of policy reforms should also concentrate on creating engaging and empowering processes that will allow these policy innovations to be better embedded in local contexts. Environmental issues urgently need to be addressed and developing countries seeking to transfer innovative solutions ought to ensure that they work and are effective.

Furthermore, this study addresses the call of some authors who find the policy transfer literature restrictive due to its focus on developed countries by calling for more studies pertaining to policy transfer in the developing world. Innovative environmental policies are urgently needed and it is not surprising that developing country governmental agencies would look abroad for potential solutions to local problems and adopt policies already existing elsewhere. When the trend in the past was to look to solutions in developed nations, it has made sense to learn lessons from other developing nations as the conditions are claimed to be much more similar. This has greatly improved the chance of transplanted policies being more successful. However in cases when the transfer process is not entirely endogenously driven

but facilitated and negotiated by external institutions such as aid agencies or financial institutions, the dynamics need to be examined as they may be fraught with challenges.

The opportunity to harness available ideas and solutions that exist elsewhere and sometimes the accompanying resources (financial or technical) should by all means be accessed. However, care should be exercised to ensure that the policy is translated and fitting processes undertaken so as not to waste the resources and the time invested in such endeavors. For such negotiated types of transfers, numerous factors pertaining to content and processes interact to affect the policy cycle and as such this means that the borrowing and adoption of policies from abroad is not a shortcut.

11.4 For further research

This study had confirmed the common notion of the importance of adaptation and translation processes and offered the unexplored explanations of the factors that hinder such processes. What can still be explored by future studies would be determining how adaptation and fitting processes should be undertaken and what kind would be sufficient to ensure fit and coherence with the context.

It would also be useful to analyze other cases of negotiated types of transfers in order to generalize the findings of this study.

Finally, the lessons from the case study led to a formulation of a preliminary conceptual framework for analyzing negotiated policy transfers using the policy cycle stages heuristic. The framework focuses on indicators that may lead to enhancement of policy implementation and outcomes: focus on the problem rather than the solution, attention to the reform space, the salience of ongoing translation and contextualization processes, and check for policy relevance. This is hoped to contribute to the practice of negotiated policy transfer but its salience and application needs to be validated by further research.

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Appendix. List of Interviews

Name	Organization/Affiliation	Date of Interview/email correspondence
Abu, Ma. Socorro	DENR Region 4B	23-July-13
Afsah, Shakeb	Former Consultant, World Bank Ecowatch Project	17-February-12
Anzia, Ms. Isabel	DENR Region 2	19-August-2013
Billones, Wilfredo	DENR Region 4A	23-July-2013
Borja, Dan	DENR Region 4B	23-July-2013
Casiño, Nenia	DENR Region 10	25-July-2013
Crisostomo, Consolacion	Head, PEPP Ecowatch Secretariat	15-July-2013
Cruz, Renato	EQD, EMB, DENR Central Office	18-July-2013
Erazo, Norman	DENR Region 9	24-July-2013
Figuerola, Desiderio	DENR Region 6	29-July-2013
Galagnara, Danilo	DENR NCR EMB	13-June-2012
Gozun, Elisea	Former Secretary DENR	24-January-2013; 10- November-2010
Jimenez, Remedies	DENR Region 1	31-July-2013
La Vina, Antonio	Former DENR Assistant Secretary	8-Nov-2012
Lagunilla, Wilma	DENR Cordillera Autonomous Region	18-July-2013
Macatangay, Maciano	Technical Evaluation Committee Pollution Adjudication Board	31-July-2013
Mendoza, Nicanor	DENR EMB Central Office	11-June-2012; July-2013
Orcullo, Jacinto	DENR EMB	13-June-2012
Osorio, Minda	DENR EMB Central office	11- June-2012